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YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser immediately.

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**OPCOM HOLDINGS BERHAD**  
(322661-W)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

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

The Notice of the Twenty-Fourth Annual General Meeting of OPCOM HOLDINGS BERHAD to be held at Danau 3, Kota Permai Golf & Country Club, No. 1 Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 12 September 2019 at 10.00 a.m. together with the Form of Proxy are sent together with the Annual Report 2019. The Form of Proxy must be lodged at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time fixed for holding the Twenty-Fourth Annual General Meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Twenty-Fourth Annual General Meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy: 10 September 2019 at 10.00 a.m.

Date and time of the Twenty-Fourth Annual General Meeting: 12 September 2019 at 10.00 a.m.

**This Circular is dated 31 July 2019**



## DEFINITIONS

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

<b>Act</b>	:	Companies Act 2016
<b>AGM</b>	:	Annual General Meeting of Opcom
<b>ABSB</b>	:	Airzed Broadband Sdn. Bhd. (599069-V)
<b>Board or Board of Directors</b>	:	The Board of Directors of Opcom
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (635998-W)
<b>CMSA</b>	:	Capital Markets and Services Act 2007
<b>Director</b>	:	Has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon:-  (a) a Director of the Company, its subsidiary or holding company; or  (b) a Chief Executive Officer of the Company, its subsidiary or holding company
<b>EMSB</b>	:	Ericsson (Malaysia) Sdn. Bhd. (9093-K)
<b>ENT</b>	:	Ericsson Network Technologies AB
<b>Hikari</b>	:	Hikari Capital Limited (1971111)
<b>HCSB</b>	:	Hikari Composites Sdn. Bhd. (1239172-H)
<b>LPD</b>	:	2 July 2019, being the latest practicable date prior to the printing of the circular
<b>Listing Requirements</b>	:	Bursa Securities ACE Market Listing Requirements and including any amendment thereto that may be made from time to time
<b>MOCSB</b>	:	M Ocean Capital Sdn. Bhd. (889616-K)
<b>Major Shareholder</b>	:	A person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in the Company and/or any other company which is its subsidiary or holding company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is:-  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company  For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act
<b>OCSB</b>	:	Opcom Cables Sdn. Bhd. (322687-T)

## DEFINITIONS (continued)

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<b>OESSB</b>	:	Opcom Engineering Services Sdn. Bhd. (1229899-M)
<b>OSB</b>	:	Opcom Sdn. Bhd. (293068-D)
<b>OSSSB</b>	:	Opcom Shared Services Sdn. Bhd. (665562-M)
<b>OTSB</b>	:	Opcom Trading Sdn. Bhd. (1155217-D)
<b>Opcom or the Company</b>	:	Opcom Holdings Berhad (322661-W)
<b>Opcom Group or the Group</b>	:	Opcom and its subsidiary companies (including all future subsidiaries which are to be incorporated before the next AGM) as defined in Section 4 of the Act
<b>Person Connected</b>	:	Such person, in relation to the Director or Major Shareholder, who falls under any one of the following categories:- <ul style="list-style-type: none"><li>(a) a family member of the Director or Major Shareholder, which family shall have the meaning given in Section 197 of the Act;</li><li>(b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;</li><li>(c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;</li><li>(d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li><li>(e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;</li><li>(f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;</li><li>(g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;</li><li>(h) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or</li><li>(i) a body corporate which is a related corporation</li></ul>

## DEFINITIONS (continued)

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<b>Proposed Mandate Period</b>	:	The period during which the Recurrent Transactions are to be entered into for which the shareholders' mandate is sought. This period shall commence immediately upon passing of the Ordinary Resolution relating thereto at the Twenty-Fourth AGM and will only continue in force until:  (a) the conclusion of the next AGM of the Company following the forthcoming Twenty-Fourth AGM, at which the Proposed Shareholders' Mandate is passed, at which time the said authority will lapse, unless by a resolution passed at a general meeting whereby the authority is renewed; or  (b) the expiration of the period within which the next AGM of Opcom is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or  (c) revoked or varied by a resolution passed by the shareholders of Opcom in a general meeting;  whichever is earlier
<b>Proposal or Proposed Shareholders' Mandate</b>	:	Proposed Renewal of Shareholders' Mandate for Opcom Group to enter into Recurrent Transactions
<b>Recurrent Transactions</b>	:	Related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of Opcom Group
<b>Related Party</b>	:	A Director, a Major Shareholder or person connected with such Director or Major Shareholder
<b>Related Party Transaction</b>	:	A transaction entered into by the Opcom Group which involves the interest, direct or indirect, of a Related Party
<b>RM and Sen</b>	:	Ringgit Malaysia and Sen respectively
<b>Senior Management</b>	:	Full time employees of Opcom Group with designation of managers and above
<b>Shares</b>	:	Ordinary Shares in Opcom
<b>UCSB</b>	:	Unigel Compounds Sdn. Bhd. (442938-M)
<b>Unigel</b>	:	Unigel (UK) Limited (03032651)
<b>Unigel IP</b>	:	Unigel IP Limited (2143521)
<b>Unitape</b>	:	Unitape Limited (03921955)
<b>UL</b>	:	Unigel Limited (2114616)

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be reference to Malaysian time, unless otherwise stated.

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**OPCOM HOLDINGS BERHAD**  
(322661-W)  
(Incorporated in Malaysia)

**Registered Office:**

802, 8th Floor, Block C  
Kelana Square, 17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

Dated: 31 July 2019

**Board of Directors:**

Dato' Mohamed Sharil Bin Mohamed Tarmizi (*Independent Non-Executive Chairman*)  
Chhoa Kwang Hua (*Executive Director*)  
Lt Jen Dato' Seri Panglima Zaini Bin Hj Mohd Said SP (B) (*Independent Non-Executive Director*)  
Abdul Jabbar Bin Abdul Majid (*Independent Non-Executive Director*)  
Sven Janne Sjöden (*Independent Non-Executive Director*)  
Chan Bee Lean (*Independent Non-Executive Director*)  
Magnus Kreuger (*Independent Non-Executive Director*)

**To: The Shareholders of Opcom Holdings Berhad**

Dear Sir/Madam,

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

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**1. INTRODUCTION**

The Company had on the Twenty-Third AGM held on 12 September 2018 obtained a general mandate from its shareholders for the Group to enter into Recurrent Transactions pursuant to Rule 10.09 of the Listing Requirements and Guidance Note 8 which allows the Company to seek shareholders' mandate for Recurrent Transactions. This general mandate shall lapse at the conclusion of the forthcoming Twenty-Fourth AGM of the Company which has been scheduled on Thursday, 12 September 2019.

On 21 June 2019, the Board of Directors of the Company announced the Company's intention to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming AGM of Opcom.

Therefore, the purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate and to seek your approval for the resolutions pertaining to the Proposal to be tabled at the forthcoming AGM, notice of which is set out in the Annual Report 2019.

**SHAREHOLDERS OF OPCOM ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE PROPOSED RESOLUTIONS PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSAL

### Introduction

Rule 10.08 of the Listing Requirements stipulates the obligation of a listed corporation in relation to Related Party Transaction. However, pursuant to Rule 10.09 of the Listing Requirements and Guidance Note 8, a listed corporation may seek a mandate from its shareholders for Recurrent Transactions, subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where:-
  - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1 million or more; or
  - (ii) any one of the percentage ratios of such aggregated transactions is 1% or more,whichever is the lower.
- (c) a circular to shareholders is issued by the listed corporation for the shareholders' mandate;
- (d) 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 to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transaction; and
- (e) the listed corporation immediately announces to Bursa Securities when the actual value of the Recurrent Transactions entered into by the listed corporation exceeds the estimated value of the Recurrent Transactions disclosed in the circular by 10% or more.

Under the provision of the Listing Requirements, where the Company has obtained shareholders' mandate in respect of Recurrent Transactions, the provisions under Rule 10.08 of the Listing Requirements shall not apply during the validity period of the shareholders' mandate.

It is envisaged that in the normal course of the Opcom Group's businesses, transactions of a revenue or trading nature between companies in the Group and the Related Parties are likely to occur, and which are necessary for its day-to-day operations.

In this respect, the Directors are seeking approval from shareholders the Proposed Shareholders' Mandate as set out in Section 2.3 below, to enable the Company and/or its subsidiaries to enter into Recurrent Transactions with the classes of Related Parties as set out in Section 2.2 below.

The Proposal will take effect from the passing of the ordinary resolutions proposed at the AGM and will continue to be in force (unless revoked or varied by the shareholders of the Company in general meeting) until the conclusion of the next AGM of the Company. Thereafter, approval from the shareholders will be sought at each subsequent AGM of the Company.



## 2.1 Principal Activities of Opcom Group

Opcom's principal activities are investment holding, renting of buildings and provision of management services to its subsidiaries, and the principal activities of the subsidiaries are as follows:-

Subsidiaries	Effective Equity Interest	Principal Activities
OCSB	70%	Manufactures fiber optic cables, systems and accessories
UCSB	100%	Manufactures and trading of cable filling and flooding compounds, and trading of industrial products
OSSSB	100%	Provision of human resource management services
OTSB	100%	Dormant
OESSB	90%	Provision of engineering services

## 2.2 Classes of Related Parties

The Proposed Shareholders' Mandate which will be covered in the Proposal is necessary for Opcom Group's day-to-day operations and is in the ordinary course of business of Opcom Group.

The principal activities of the Related Parties are as follows:-

Related Parties	Principal Activities
OSB	Supply of optical fiber cable and related systems and the provision of related engineering services
MOCSB	Investment holding
EMSB	Provision of network equipment and software as well as services for network and business operations
ENT	Manufactures and markets cables and network products for communication and power networks
Unigel	Manufactures and sales of cable filling and flooding compounds and associated pumping and delivery equipment
UL	Investment holding
Unigel IP	Management of intellectual property rights and R&D activities
Unitape	Manufacture and distribution of materials used in telecommunication cables
HCSB	Manufactures fiber reinforced plastics
Hikari	Investment holding
ABSB	Provision of wire line and wireless broadband internet access services, and to develop, produce, market, sell and maintain software research and development, consultancy and other related services

## 2.3 Natures of Recurrent Transactions

The classes of Related Parties having interest in the Recurrent Transactions for which the shareholders' approval on the Proposed Shareholders' Mandate is sought in respect of transactions to be entered into by companies within Opcom Group are as follows:-

### Renewal of Shareholders' Mandate

Transacting Company within Opcom Group	Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	* Estimated Value during the Proposed Mandate Period (RM)	Estimated Value Disclosed in the Preceding Year's Circular (RM)	Actual Value Transacted from the Previous AGM Up to LPD (RM)
Opcom Group	OSB Group and associated companies	Supply of goods and services to OSB Group and its associated companies, including: <ul style="list-style-type: none"> <li>• fiber optic cables and related products</li> <li>• information and communication technology products and services</li> <li>• installation, commissioning, technical service, consultancy services and other such related products and services</li> </ul>	Tan Sri Mokhzani Mahathir <sup>a</sup> Dato' Seri Mukhriz Mahathir <sup>b</sup> Tok Puan Norzieta Zakaria <sup>c</sup> Mirzan Mahathir <sup>d</sup> MOCSB <sup>e</sup>	15,000,000	20,000,000	Nil
		Purchase of goods and services from OSB Group and its associated companies, including: <ul style="list-style-type: none"> <li>• raw materials and components for the manufacture of fiber optic cables</li> <li>• fiber optic cables and accessories</li> <li>• fiber coloring, optical fiber, ribbon optical fibers, and ribboning products and services</li> <li>• other fiber optic cable related products</li> <li>• information and communication technology products and services</li> <li>• fiber optic cable and system project management, installation and related services</li> <li>• capital equipment, test equipment, software, other auxiliary equipment and spare parts, installation testing, commissioning, technical support service and consultancy services and other such related products and services</li> <li>• product warranty and management and repairs of faulty products</li> </ul>		15,000,000	20,000,000	4,045,207

Transacting Company within Opcom Group	Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	* Estimated Value during the Proposed Mandate Period (RM)	Estimated Value Disclosed in the Preceding Year's Circular (RM)	Actual Value Transacted from the Previous AGM Up to LPD (RM)
Opcom Group (Cont'd)	OSB Group and associated companies (Cont'd)	Purchase of goods and services from OSB Group and its associated companies, including: (Cont'd) <ul style="list-style-type: none"> <li>• as project consultants and advisers for business and market development in Malaysia and/or internationally</li> <li>• as agent and/or distributor for Opcom Group's products and services in Malaysia and/or internationally</li> <li>• selected supply chain business activities including logistics, packing, warehousing, testing, validation, customer support service, et. al.</li> <li>• project management for plant infrastructure facilities and other such related services</li> <li>• plant and equipment on a turnkey basis, manufacturing-knowhow maintenance and ancillary services and parts thereof</li> <li>• IT services and other business services</li> </ul>				
Opcom Group	Unigel Group and associated companies	Supply of goods and services to Unigel Group and its associated companies, including: <ul style="list-style-type: none"> <li>• merchandise including all types of chemical compounds, fiber optic cable and related accessories as well as other industrial and consumer related products services, capital goods and building infrastructure and systems</li> <li>• selected supply chain business activities including logistics, packing, warehousing, testing, customer support services et. al.</li> <li>• all general management and IT services and other business activities</li> <li>• R&amp;D and proto-typing services</li> </ul>	Chhoa Kwang Hua <sup>h</sup> UL <sup>i</sup> Hikari <sup>j</sup>	50,000,000	50,000,000	17,212,165

Transacting Company within Opcom Group	Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	* Estimated Value during the Proposed Mandate Period (RM)	Estimated Value Disclosed in the Preceding Year's Circular (RM)	Actual Value Transacted from the Previous AGM Up to LPD (RM)
Opcom Group (Cont'd)	Unigel Group and associated companies (Cont'd)	Purchase of goods and services from Unigel Group and its associated companies, including: <ul style="list-style-type: none"> <li>• cable related raw materials, components and other such related merchandise</li> <li>• gel related raw materials components and other such related merchandise</li> <li>• as agent and/or distributor for Opcom Group's products and services</li> <li>• consultancy, technical advisory and related services and business services and provision of such related services</li> <li>• capital equipment, test equipment software, other auxillary equipment and spare parts, installation testing, commissioning, technical support service and consultancy services and other such related products and services</li> </ul>		20,000,000	20,000,000	642,613
				5,000,000	5,000,000	Nil
Opcom Group	Unigel IP Group and associated companies	Purchase of goods and services from Unigel IP Group and its associated companies, including: <ul style="list-style-type: none"> <li>• Intellectual property licensing for chemical products and related products</li> <li>• consultancy and other business services</li> </ul>	Chhoa Kwang Hua <sup>h</sup> UL <sup>i</sup> Hikari <sup>j</sup>	5,000,000	5,000,000	Nil
Opcom Group	EMSB Group and associated companies	Supply of goods and services to EMSB Group and its associated companies, including: <ul style="list-style-type: none"> <li>• fiber optic cables and related products</li> <li>• information and communication technology products and services</li> <li>• installation, commissioning, technical service, consultancy services and other such related products and services</li> </ul>	ENT <sup>f</sup>	10,000,000	20,000,000	Nil

Transacting Company within Opcom Group	Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	* Estimated Value during the Proposed Mandate Period (RM)	Estimated Value Disclosed in the Preceding Year's Circular (RM)	Actual Value Transacted from the Previous AGM Up to LPD (RM)
Opcom Group (Cont'd)	EMSB Group and associated companies (Cont'd)	Purchase of goods and services from EMSB Group and its associated companies, including: <ul style="list-style-type: none"> <li>• cable production materials</li> <li>• cable production machineries and equipment</li> <li>• installation, commissioning, technical service, consultancy and maintenance services and other such related products and services</li> </ul>	ENT <sup>f</sup>	10,000,000	20,000,000	Nil
Opcom	HCSB	Supply of goods and services to HCSB, including <ul style="list-style-type: none"> <li>• raw materials, components and related products</li> <li>• services including management, technical, engineering and all other related services</li> </ul> Purchase of goods and services from HCSB, including <ul style="list-style-type: none"> <li>• fiber reinforced plastics related and other such related merchandise</li> <li>• consultancy, technical advisory and related services and business services and provision of such related services</li> <li>• capital equipment, test equipment, software, other auxillary equipment and spare parts, installation testing, commissioning, technical support service and consultancy services and other such related products and services</li> </ul>	Chhoa Kwang Hua <sup>h</sup>	5,000,000  2,500,000	5,000,000  2,500,000	Nil  175,993

Transacting Company within Opcom Group	Transacting Party	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	* Estimated Value during the Proposed Mandate Period (RM)	Estimated Value Disclosed in the Preceding Year's Circular (RM)	Actual Value Transacted from the Previous AGM Up to LPD (RM)
Opcom Group	Unitape Group and associated companies	<p>Supply of goods and services to Unitape Group and its associated companies, including:</p> <ul style="list-style-type: none"> <li>• fiber optic cables and related components</li> </ul> <p>Purchase of goods and services from Unitape Group and its associated companies, including:</p> <ul style="list-style-type: none"> <li>• fiber optic cables and related components</li> <li>• consultancy, technical advisory and related and other business service</li> <li>• provision of other such business, services and such provision services</li> <li>• capital equipment, test equipment, software, other auxillary equipment and spare parts, installation testing, commissioning, technical support service and consultancy services and other such related products and services</li> </ul>	Chhoa Kwang Hua <sup>h</sup> UL <sup>i</sup> Hikari <sup>j</sup>	1,000,000	10,000,000	Nil
Opcom	ABSB	Letting of Opcom's open area (4,890 square feet) at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan to ABSB for 2 years commencing from 1 September 2019 with monthly rental of RM10,000	Dato' Seri Mukhriz Mahathir <sup>b</sup> Tok Puan Norzieta Zakaria <sup>c</sup> MOCSB <sup>e</sup> Chhoa Kwang Hua <sup>h</sup>	120,000	24,000	16,500
Opcom	HCSB	Letting of manufacturing, work and storage space to HCSB (approximately 20,000 square feet) at No. 11, Jalan Utas 15/7, 40200 Shah Alam for 3 year commencing from 1 October 2019 with a monthly rental of approximately RM40,000	Chhoa Kwang Hua <sup>h</sup>	480,000	288,000	66,000

**Notes:****Nature of Interest**

- a. Tan Sri Mokhzani Mahathir is the brother of Dato' Seri Mukhriz Mahathir and Mirzan Mahathir. He is also the brother in-law of Tok Puan Norzieta Zakaria. Tan Sri Mokhzani Mahathir was the Chairman/Chief Executive Officer of Opcom and OCSB, resigned on 1 June 2019, is still deemed as an Interested Director by virtue of the Listing Requirements, whereby a Director is defined as a person who is or was within the preceding 6 months of the date of the Related Party Transaction.
  - b. Dato' Seri Mukhriz Mahathir is a major shareholder of Opcom.
  - c. Tok Puan Norzieta Zakaria, the spouse of Dato' Seri Mukhriz Mahathir is a director of OCSB, UCSB and OSSSB. She is a major shareholder and director of MOCSB and OSB.
  - d. Mirzan Mahathir, the brother of Tan Sri Mokhzani Mahathir and Dato' Seri Mukhriz Mahathir and the brother in-law of Tok Puan Norzieta Zakaria is a director of OCSB and a shareholder of OSB. He is also a shareholder and director of MOCSB.
  - e. MOCSB is a major shareholder of Opcom.
  - f. ENT is the major shareholder of OCSB.
  - g. ENT and EMSB are controlled by the same parent company.
  - h. Chhoa Kwang Hua, an Executive Director/Deputy Chief Executive Officer of Opcom is a director of UCSB, OSSSB and OTSB. He is an alternate director to Tok Puan Norzieta Zakaria in OCSB. He is a director and major shareholder of ABSB, Hikari and UL. He is also the shareholder of HCSB.
  - i. UL, a 60% shareholder of Unigel.
  - j. Hikari is the holding company of UL and Unitape.
- \* The values are merely indicative estimates for the period from 12 September 2019 to the next AGM expected to be held in the month of September 2020. The estimated values are based on the current actual transactions and historical trends and may vary.

As at 31 March 2019, the breakdown of the principal sum and interest for the total outstanding amount due and owing under the Recurrent Related Party Transaction which exceeded the following credit term are as follows:-

Principal Exceeded credit terms for	Outstanding Trade Receivables from Related Parties	
	Principal (RM)	Interest (RM)
a period of 1 year or less	4,296,031	12,907
a period of more than 1 year to 3 years	–	–
a period of more than 3 years to 5 years	–	–
a period of more than 5 years	–	–

There was late payment charges imposed on the sum of RM4,296,031 being the outstanding trade receivables at 0.375 % per month. The interest was due on 31 May 2019. All amount had been settled as at LPD.

## 2.4 Review Methods or Procedures for Recurrent Transactions

### 2.4.1 Review Methods or Procedures

Opcom Group has established policies/procedures/measures to ensure that the Recurrent Transactions are undertaken at arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies and that such transacting prices and terms are not more favourable to the Related Parties than those generally extended to public and are not to the detriment of the minority shareholders.

In this respect, Opcom Group has implemented the following review procedures with regard to the Recurrent Transactions:-

- (a) The management of Opcom Group has been kept informed of policies and procedures applicable to the Recurrent Transactions, who will ensure that the transaction with the Related Parties will only be entered into after taking into consideration the transaction prices and rates based on prevailing market prices that are agreed upon under similar commercial terms for transactions with third parties and on terms which are generally in line with the industry norms.

- (b) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, specifications, exchange rates and other relevant factors. Where practical and feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated third parties, or where there has not been any similar or substantially similar transactions between Opcom Group and Related Parties, the terms of the transactions for the products or services will be in accordance with the Group's usual business practice, and at rates not more favourable to the Related Parties than those generally available to the public.
- (c) The Audit Committee would review the internal audit report to ascertain that relevant methods, procedures, guidelines and policies established to monitor the Recurrent Transactions have been complied with.
- (d) Opcom Group has in placed a Group-wide policies and procedures to facilitate communication and awareness of accountability and control procedures for key business units. There is proper documented limit of authority and all Recurrent Transactions are implemented and approved according to the limit of authority set in accordance with the type and nature of transactions and documents involved.

Recurrent Transactions are executed or entered by Senior Management of the Group who has no interest in the transactions according to their respective limit of authority, after due benchmarking process carried out according to the related party policy authorised and adopted by the Board.

The internal threshold approval of all Recurrent Transactions within Opcom Group are as follows:-

- (i) All Recurrent Transactions reviewed by Audit Committee and approved by Board of Directors, provided always that the interested directors are abstained from deliberating and voting on the said resolution; and
  - (ii) With the approval from the Board of Directors and/or Members (for those with Shareholders Mandate), the Management will approve and implement according to their respective approving authority set out in the limit of authority endorsed by the Board of Directors, which their authority and limit vary from business units and the type and nature of transactions. The Senior Management of the Group in various business units who have the approving authorities ranging from General Manager, Chief Operating Officer, Deputy Chief Executive Officer to Chief Executive Officer.
- (e) All the Recurrent Transactions are tabled to the Audit Committee for review on a quarterly basis. The Audit Committee will report its findings to the Board for further action if during the quarterly review the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure normal commercial terms and/or the transaction is deemed detrimental to the minority shareholders.
  - (f) Proper records will be maintained to capture all Recurrent Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure accurate disclosure thereof and all records of Recurrent Transactions shall be tabled to the Audit Committee and Board of Directors for review and information on quarterly basis.
  - (g) The Board and Audit Committee will have the overall responsibility for the determination of the review procedures and processes, including any addition or variation thereto, where applicable. If a member of the Board or the Audit Committee has an interest in a transaction, he will abstain from any deliberation and decision making by the Board or the Audit Committee in respect of the said transaction.
  - (h) The review of the policies, procedures and processes would be carried out by the Audit Committee and the Board at least once a year and appropriate changes would be made from time to time.



#### **2.4.2 Abstention from Voting**

All members of the Board and Audit Committee who are directly and/or indirectly interested in any Recurrent Transactions shall have declared their interests in the Recurrent Transactions and abstain from deliberation and voting in respect of these transactions.

Categories of persons who will abstain from voting are as follows:-

- (a) Any interested Director(s);
- (b) Any interested Major Shareholder(s);
- (c) Any person(s) connected to the interested Director(s) or interested Major Shareholder(s); and
- (d) Any Director(s) or Major Shareholder(s) whose person(s) connected is/are interested in the Recurrent Transactions.

#### **2.5 Statement by Audit Committee**

Opcom Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner. The procedures and processes would be reviewed on yearly basis. The review procedures as set out in Section 2.4 for Recurrent Transactions are sufficient and appropriate to ensure that such Recurrent Transactions will be undertaken at arm's length and are on normal commercial terms consistent with the industry norms and 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 of Opcom or disadvantageous to Opcom Group.

#### **2.6 Disclosure**

The breakdown of the aggregate value of Recurrent Transactions made during the financial year ended 31 March 2019 will be disclosed in the Annual Report for that financial year during which the Proposed Shareholders' Mandate is in force, providing amongst others, the following information:-

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

If the actual value of a Recurrent Transaction entered into by Opcom Group exceeds the estimated value of the Recurrent Transaction disclosed in this circular by 10% or more, immediate announcement to Bursa Securities will be made.

### **3. RATIONALE AND BENEFITS OF THE PROPOSAL**

The Proposed Shareholders' Mandate will benefit the Company by facilitating entry by members of Opcom Group into transactions specified in Section 2.3 with the classes of Related Parties specified in Section 2.2 above in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable Opcom Group to continue to carry out Recurrent Transactions necessary for Opcom Group's day-to-day operations and enhance the Group's ability to pursue business opportunities which are time-sensitive in nature in a more expeditious manner.

The obtaining of the Proposed Shareholders' Mandate and renewing the same on an annual basis will eliminate the need to announce and convene separate general meetings of the Company from time to time to seek shareholders' approval on each occasion pursuant to the requirements of Rule 10.09 of the Listing Requirements, as and when potential transactions with the specified classes of Related Parties 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 Related Parties which are involved in the Recurrent Transactions have mostly long-standing relationship with Opcom Group and where applicable have proven their reliability and expertise in their respective fields. In some instances, the Related Parties provide Opcom Group the support for its operational and business needs and further enhance its ability to explore beneficial business opportunities. The Proposed Shareholders' Mandate is of paramount importance for the continued success and viability of the Opcom Group.

#### 4. EFFECTS OF THE PROPOSAL

The Proposed Shareholders' Mandate is administrative in nature and is therefore not expected to have any effect on the issued share capital, substantial shareholding and the dividend of the Company and earnings and net assets of Opcom Group.

#### 5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of Opcom at the forthcoming AGM to be convened.

#### 6. VALIDITY PERIOD FOR THE PROPOSED SHAREHOLDERS' MANDATE

If approved at the forthcoming AGM, the Proposed Shareholders' Mandate of the Company will take effect from the Proposed Mandate Period and the Board will seek your approval for the renewal of the Shareholders' Mandate at the next AGM of the Company and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the Related Parties' transactions.

#### 7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors and/or Major Shareholders of Opcom Group and Persons Connected with them has any interest, direct and indirect in the Proposed Shareholders' Mandate.

The direct and indirect shareholdings of the interested Directors, interested Major Shareholders and interested Persons Connected with them in the issued share capital of Opcom as at LPD are as follows:-

Interested Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Mokhzani Mahathir *	–	–	–	–
Chhoa Kwang Hua	–	–	–	–

\* Tan Sri Mokhzani Mahathir who resigned as a Director with effect from 1 June 2019, within six (6) months from the date of his resignation, he is still considered a Director pursuant to the Listing Requirements.

Interested Major Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Seri Mukhriz Mahathir	34,967,800	21.69	–	–
MOCSB	18,000,000	11.16	–	–
Tok Puan Norzieta Zakaria	–	–	18,000,000*	11.16

\* Deemed interest by virtue of Section 8(4) of the Act, pursuant to her substantial interest in MOCSB.

Interested Persons Connected	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Mirzan Mahathir	–	–	–	–
ABSB	–	–	–	–
EMSB	–	–	–	–
ENT	–	–	–	–
HCSB	–	–	–	–
Hikari	–	–	–	–
OSB	–	–	–	–
UL	–	–	–	–
Unigel	–	–	–	–
Unigel IP	–	–	–	–

The interested Directors namely Tan Sri Mokhzani Mahathir and Chhoa Kwang Hua have abstained and will continue to abstain from all board deliberations and voting on the Proposed Shareholders' Mandate at the Board Meetings of Opcom. The interested Directors will also abstain from voting in respect of their direct and indirect shareholdings at the forthcoming AGM on the respective resolutions pertaining to the Proposed Shareholders' Mandate in which they are interested.

The interested Major Shareholders namely Dato' Seri Mukhriz Mahathir, MOCSB and Tok Puan Norzieta Zakaria will abstain from voting in respect of their direct and indirect shareholdings at the forthcoming AGM on the respective resolutions pertaining to the Proposed Shareholders' Mandate in which they are interested.

The interested Directors namely Tan Sri Mokhzani Mahathir and Chhoa Kwang Hua and the interested Major Shareholders namely Dato' Seri Mukhriz Mahathir, MOCSB and Tok Puan Norzieta Zakaria shall ensure that Persons Connected with them will abstain from voting in respect of their direct and indirect shareholdings at the forthcoming AGM on the respective resolutions pertaining to the Proposed Shareholders' Mandate in which they are interested.

## **8. DIRECTORS' RECOMMENDATION**

The Directors (save for Tan Sri Mokhzani Mahathir and Chhoa Kwang Hua who are deemed interested in the Proposed Shareholders' Mandate have abstained from giving opinion and making recommendations), having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and its shareholders and accordingly recommend that you vote in favour of the resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **9. ANNUAL GENERAL MEETING**

The ordinary resolutions to approve the Proposal is set out as Special Business in the Notice of the Twenty-Fourth AGM contained in Opcom's Annual Report 2019, which is sent to you together with this Circular dated 31 July 2019. The Twenty-Fourth AGM will be held at Danau 3, Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 12 September 2019 at 10.00 a.m.

If you are unable to attend in person at the Twenty-Fourth AGM, you may complete the Form of Proxy in accordance with the instructions contained therein and forward it to the Registered Office of Opcom at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Twenty-Fourth AGM should you subsequently wish to do so.

## **10. FURTHER INFORMATION**

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

Yours faithfully  
For and on behalf of the Board  
**OPCOM HOLDINGS BERHAD**

**CHHOA KWANG HUA**  
Executive Director

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## **APPENDIX I – FURTHER INFORMATION**

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

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

### **2. MATERIAL CONTRACTS**

There are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by Opcom and its subsidiaries during the two (2) years immediately preceding the date of this Circular.

### **3. MATERIAL LITIGATION**

Neither Opcom nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board of Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position and business of the Company or any of its subsidiaries.

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

The following documents are available for inspection at the Registered Office of Opcom situated at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of the Twenty-Fourth AGM:-

- (a) Constitution of Opcom;
- (b) Financial Statements of Opcom Group for the financial years ended 31 March 2018 and 31 March 2019;
- (c) Quarterly Report on Consolidated Results for the fourth quarter ended 31 March 2019;
- (d) Tenancy Agreement dated 25 June 2018 between Opcom and ABSB; and
- (e) Tenancy Agreement dated 1 October 2018 between Opcom and HCSB.