

THIS STATEMENT 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 adviser immediately.

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DATASONIC GROUP BERHAD
(Registration No. 200801008472 (809759-X))
(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority is set out as Special Business in the Notice of the Fifteenth Annual General Meeting ("AGM") of Datasonic Group Berhad (Registration No. 200801008472 (809759-X)) ("the Company") which is circulated to you together with this Statement. The Fifteenth AGM of the Company will be held and conducted as a virtual meeting through live streaming using Remote Participation and Voting ("RPV") facilities via <https://sshsb.net.my/> from the broadcast venue at Conference Room, Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 2 August 2023 at 10:00 a.m. or at any adjournment thereof.

A member is entitled to attend, participate and vote at the meeting and is also entitled to appoint a proxy to attend, participate and vote on his behalf. The Form of Proxy should be completed and lodged at the Company's Share Registrar's office, Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T)) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur or to be submitted via fax at +603 2094 9940 or +603 2095 0292 or emailed to info@sshsb.com.my not less than forty-eight (48) hours before the time set for holding the Fifteenth AGM or at any adjournment thereof.

The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>, not less than forty-eight (48) hours before the time set for holding the Fifteenth AGM or at any adjournment thereof. For further information, please refer to the "Submit e-Proxy Form" in the Administrative Guide.

The lodging of the Form of Proxy does not preclude you from attending and voting at the AGM should you subsequently decide to do so, provided a notice of termination of proxy authority in writing is given to the Company before the commencement of the meeting and you register for the Fifteenth AGM via Securities Services e-Portal at <https://sshsb.net.my/>.

| | |
|--|--|
| Last date and time for lodging the Form of Proxy | : Monday, 31 July 2023 at 10:00 a.m. |
| Date and time of AGM | : Wednesday, 2 August 2023 at 10:00 a.m. |

This Statement is dated 3 July 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement and the accompanying appendices:-

| | |
|--|--|
| Act | : The Companies Act, 2016, as amended from time to time and any re-enactment thereof |
| AGM | : Annual General Meeting |
| Board | : Board of Directors of Datasonic |
| Bursa Malaysia | : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| Code | : Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time |
| Datasonic or the Company | : Datasonic Group Berhad (Registration No. 200801008472 (809759-X)) |
| Datasonic Group or Group | : Datasonic and its subsidiaries |
| Director(s) | : Shall have the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the Company, its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company |
| EPS | : Earnings per share |
| ESOS | : Employees' Share Option Scheme |
| FYE | : Financial year ended |
| Listing Requirements | : Main Market Listing Requirements of Bursa Malaysia, including any amendments thereto that may be amended from time to time |
| LPD | : 15 June 2023, being the latest practicable date prior to the printing of this Statement |
| NA | : Net Assets |
| Person(s) Connected | : Shall have the same meaning as in Chapter 1, Paragraph 1.01 of the Listing Requirements |
| Proposed Renewal of Share Buy-Back Authority | : Proposed renewal of share buy-back authority for Datasonic to purchase up to ten per centum (10%) of the total number of its issued shares |
| Purchased Share(s) | : Share(s) of Datasonic purchased in accordance with Section 127 of the Act |
| RM and sen | : Ringgit Malaysia and sen, respectively |
| Share(s) | : Ordinary shares in Datasonic |
| Substantial Shareholder(s) | : Shall have the meaning given in Section 136 of the Act |
| Treasury Share(s) | : The Shares purchased by the Company that can be retained, distributed as dividend, transfer, resold and/or subsequently cancelled |
| Warrants | : 1,350,000,000 outstanding Datasonic warrants 2018/2023 which are expiring on 5 July 2023 |

DEFINITIONS

All reference to “you” in this Statement are to the shareholders of the Company.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference of any enactment in this Statement is a reference to that enactment as amended or re-enacted from time to time.

Any reference to time of day in this Statement is a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the figures included in this Statement between the amounts stated, actual figures and the totals thereof are due to rounding.

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DATASONIC GROUP BERHAD
(Registration No. 200801008472 (809759-X))
(Incorporated in Malaysia)

Registered Office:
Level 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

3 July 2023

Board of Directors

Datuk Haji Abu Hanifah bin Noordin (*Executive Chairman*)
Dato' Wan Mohd Safiain bin Wan Hasan (*Independent Non-Executive Deputy Chairman*)
Chew Chi Hong (*Executive Director*)
Chia Kok Khuang (*Executive Director*)
Azrul bin Yahaya (*Non-Independent Non-Executive Director*)
Tan Sri Ahmad Zaki Ansore bin Mohd Yusof (*Independent Non-Executive Director*)
Tan Sri Borhan bin Dolah (*Independent Non-Executive Director*)
Tan Sri Dato' Seri Dr Khalid bin Abu Bakar (*Independent Non-Executive Director*)
Dato' Ibrahim bin Abdullah (*Independent Non-Executive Director*)
CP(R) Datuk Mohd Khalil bin Kader Mohd (*Independent Non-Executive Director*)
Datin Normaliza binti Kairon (*Independent Non-Executive Director*)
Dato' Roseleen binti Buyong (*Non-Independent Non-Executive Director*)
Safian bin Mohd Yunus (*Non-Independent Non-Executive Director*)
Dato' Wan Ibrahim bin Wan Ahmad (*Independent Non-Executive Director*)
Yee Kim Shing @ Yew Kim Sing (*Independent Non-Executive Director*)

To: The Shareholders of Datasonic

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the Fourteenth AGM held on 14 September 2022, the Company had obtained the approval from the shareholders for the authority to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company. The authority shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Fifteenth AGM unless such authority is renewed by an ordinary resolution to be passed by the shareholders at the forthcoming Fifteenth AGM of the Company.

On 26 May 2023, the Company had announced to Bursa Malaysia that the Board proposed to seek your approval for the Proposed Renewal of Share Buy-Back Authority at the forthcoming Fifteenth AGM of the Company to be convened on 2 August 2023.

The purpose of this Statement is to provide you with the information of the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the ordinary resolution to be tabled at the forthcoming Fifteenth AGM. The Notice of the Fifteenth AGM together with the Form of Proxy are set out in the 2023 Annual Report of the Company.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AT THE FORTHCOMING FIFTEENTH AGM OF THE COMPANY.

2. INFORMATION ON THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 Details of the Proposed Renewal of Share Buy-Back Authority

The Board proposes to seek the approval from the shareholders for a renewal authorisation to enable the Company to purchase up to ten per centum (10%) of the total number of issued shares for the time being quoted on Bursa Malaysia, subject to Section 127 of the Act, the Listing Requirements, the Company's Constitution, the Code and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved by the shareholders at the forthcoming Fifteenth AGM shall be effective immediately upon passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority and shall continue to be in force until:-

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

whichever occurs first.

2.2 The Maximum Number or Percentage of Shares to be acquired

As at the LPD, the Company has total number of issued shares of 2,962,000,000 Shares (inclusive of 130,532,300 Treasury Shares). The maximum number of Shares which may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back Authority will be ten per centum (10%) of the total number of the issued share being quoted on Bursa Malaysia or 296,200,000 Datasonic Shares.

2.3 Source of funds

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority will be subject to the amount of retained profits of the Company.

Based on the latest audited financial statements of Datasonic for the FYE 31 March 2023, the retained profits of the Company stood at RM21,893,000. The Proposed Renewal of Share Buy-Back Authority will be funded from internally generated funds and/or external borrowings.

The Proposed Renewal of Share Buy-Back Authority will allow the Directors to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period using the internal funds and/or external borrowings of the Company. The actual number of Shares to be purchased will depend on the market conditions and sentiments of the stock market, the availability of the retained profits as well as the financial resources available to the Group.

In the event the Company decide to use external borrowings, the Board will ensure that the Company has sufficient financial capability to repay such borrowings and that the external borrowings are not expected to have any material effect on the cash flow and working capital of the Group.

In any event, the Board will ensure that the Company satisfies the solvency test in accordance with Section 112(2) of the Act before implementing the Proposed Renewal of Share Buy-Back Authority.

2.4 Pricing

In accordance with the Listing Requirements, the Company shall only purchase its own Shares on Bursa Malaysia at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Shares for the five (5) market days immediately preceding the date of the purchase(s).

The Company may resell and/or transfer the Treasury Shares on Bursa Malaysia at:-

- (i) a price which is not less than the weighted average market price of the Shares for the five (5) market days immediately before the resale or transfer; or
- (ii) a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the five (5) market days immediately before the resale or transfer provided that:-
 - (a) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of the Shares being resold and/or transferred.

2.5 Treatment of Shares Purchased

In accordance with Section 127(4) of the Act, the Directors is able to deal with the Shares purchased in the following manner:-

- cancel the Shares so purchased; or
- retain the Shares so purchased as Treasury Shares; or
- retain part of the Shares so purchased as Treasury Shares and cancel the remainder of the Shares.

Accordingly, based on Section 127(7) of the Act, where such Shares are held as Treasury Shares, the Directors may, at their discretion:-

- distribute the Shares as share dividends to shareholders; or
- resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Malaysia; or
- transfer the Shares or any of the Shares for the purposes of or under an employees' share scheme; or
- transfer the Shares or any of the Shares as purchase consideration; or
- cancel the Shares or any of the Shares; or
- sell, transfer or otherwise use the Shares for such other purposes as allowed by the Act.

If the Board decides to retain the Shares purchased as Treasury Shares, the Company may distribute the treasury shares as dividends to the shareholders and/or resell the Shares purchased on Bursa Malaysia and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. The treatment of the Treasury Shares, whether treated as dividends, resold on Bursa Malaysia or cancelled by the Company, will be dependent on the availability of the retained profits of the Company. In the event the Company ceases to hold all or any part of such Shares as a result of the above actions, the Company may further purchase and/or hold such additional number of Shares (in aggregate with Shares then held) which shall not exceed ten per centum (10%) of the total issued shares of the Company for the time being quoted on Bursa Malaysia.

While the Shares are held as Treasury Shares, the rights attached to them as to voting, dividends and participation in any other distribution and otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purpose including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolution(s) at meetings.

The Company will make an immediate announcement to Bursa Malaysia of any purchase or resale of the Shares and whether Purchased Shares will be cancelled, sold, transferred or retained as Treasury Shares or a combination in compliance with the Listing Requirements and the Act.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if implemented, will enable Datasonic to utilise any of the surplus financial resources which is not immediately required for other uses to purchase its own Shares from the market. The Proposed Renewal of Share Buy-Back Authority is expected to stabilise the supply and demand as well as the price of Shares. Other things being equal, the Proposed Renewal of Share Buy-Back Authority, regardless of whether the Shares purchased are maintained as Treasury Shares or cancelled, will strengthen the EPS which in turn is expected to have a positive impact on the market price of the Shares.

The Shares purchased may be held as Treasury Shares and resold on Bursa Malaysia at a higher price with the intention of realising a potential gain without affecting the total number of the issued shares. Should any Treasury Shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority, if exercised, to the Company and the Shareholders are as follows:-

Potential Advantages

- Where the Directors resolve to cancel the Shares so purchased, the Company expects to enhance the EPS of the Group as a result of the reduction in the total number of the issued share, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company;
- As permitted under Section 127 of the Act, where the Shares bought back are retained as Treasury Shares, the Directors would have an option to distribute these Shares as dividends to reward shareholders;
- The Company may be able to reduce any unwarranted volatility of the Shares and assist to stabilise the supply, demand and price of the Shares in the open market, thereby supporting the fundamental value of the Shares;
- Allows the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of Shares and hence, enhance investors' confidence; and
- Allows the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition and the size of equity.

Potential Disadvantages

- The Proposed Renewal of Share Buy-Back Authority, if implemented, will reduce the Group's financial resources and may result in the Group foregoing better investment opportunities that may emerge in the future or, at least, deprive the Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back Authority;
- It may also result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase Shares; and
- In the event that the Proposed Renewal of Share Buy-Back Authority is funded by external borrowings, the Company's net cash flow may decline to the extent of the interest costs associated with such borrowings.

The Proposed Renewal of Share Buy-Back Authority is not expected to cause any potential material disadvantage to the Company or the shareholders as any share buy-back exercise will be undertaken only after in-depth consideration of the financial resources of the Company and of the resultant impact to the shareholders. The Board will be mindful of the interest of the Company and the shareholders when undertaking the Proposed Renewal of Share Buy-Back Authority and in the subsequent resale of Treasury Shares on Bursa Malaysia, if any.

5. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on the issued share capital, substantial shareholders' shareholdings, NA and NA per Share, working capital, earnings and EPS, dividend and gearing are set out based on the following scenarios:-

5.1 Share Capital

The effect illustrated in the table below are based on the following assumptions:-

Minimum Scenario : Assuming that none of the 1,350,000,000 outstanding Warrants are exercised into new Datasonic Shares.

Maximum Scenario : Assuming that all the 1,350,000,000 outstanding Warrants are exercised into new Datasonic Shares.

As at LPD, no ESOS Option has been issued pursuant to the ESOS approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 February 2020 to the eligible Directors and employees of Datasonic and its subsidiaries.

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of the Company assuming that the maximum number of Shares (of up to ten per centum (10%) of the total number of shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, are as set out below:-

| | As at LPD | Minimum Scenario | Maximum Scenario |
|--|----------------------|-------------------------|-------------------------|
| | No. of Shares | No. of Shares | No. of Shares |
| Total number of issued shares as at the LPD ⁽ⁱ⁾ | 2,962,000,000 | 2,962,000,000 | 2,962,000,000 |
| Assuming full exercise of outstanding Warrants | - | - | 1,350,000,000 |
| Enlarged total number of issued shares | 2,962,000,000 | 2,962,000,000 | 4,312,000,000 |
| Treasury Shares as at the LPD | (130,532,300) | (130,532,300) | (130,532,300) |
| Number of issued shares before the Proposed Renewal of Share Buy-Back Authority | 2,831,467,700 | 2,831,467,700 | 4,181,467,700 |
| Assuming the Shares are purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | - | (283,146,770) | (418,146,770) |
| Total number of issued shares after cancellation of Shares purchased under the Proposed Renewal of Share Buy-Back Authority | 2,831,467,700 | 2,548,320,930 | 3,763,320,930 |

Notes:-

(i) Including 130,532,300 Treasury Shares.

(ii) Assuming the maximum ten per centum (10%) of the total number of issued shares of the Company are purchased and cancelled.

The actual quantum of Shares purchased under the Proposed Renewal of Share Buy-Back Authority will depend on the market conditions and sentiments of Bursa Malaysia as well as the retained profits, financial resources available to the Company.

5.2 Substantial Shareholders' Shareholdings

Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full (up to ten per centum (10%) of the total number of issued shares) and that the Shares purchased are from the shareholders other than the Directors and Substantial Shareholders of the Company, the proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and Substantial Shareholders of Datasonic as at the LPD are as follows:-

Minimum Scenario

| | Shareholdings as at the LPD ⁽ⁱ⁾ | | | | After the Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | | | |
|--|--|-------|-------------------------------|--------|--|-------|-------------------------------|--------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Directors | | | | | | | | |
| Datuk Haji Abu Hanifah bin Noordin | 225,198,100 | 7.953 | 6,110,000 ^(a) | 0.216 | 225,198,100 | 8.837 | 6,110,000 ^(a) | 0.240 |
| Dato' Wan Mohd Safiain bin Wan Hasan | - | - | - | - | - | - | - | - |
| Chew Chi Hong | 118,320,000 | 4.179 | 32,492,300 ^(b) | 1.148 | 118,320,000 | 4.643 | 32,492,300 ^(b) | 1.275 |
| Chia Kok Khuang | - | - | - | - | - | - | - | - |
| Azrul bin Yahaya | - | - | - | - | - | - | - | - |
| Tan Sri Ahmad Zaki Ansore bin Mohd Yusof | - | - | - | - | - | - | - | - |
| Tan Sri Borhan bin Dolah | - | - | - | - | - | - | - | - |
| Tan Sri Dato' Seri Dr Khalid bin Abu Bakar | - | - | - | - | - | - | - | - |
| Dato' Ibrahim bin Abdullah | - | - | - | - | - | - | - | - |
| CP(R) Datuk Mohd Khalil bin Kader Mohd | - | - | - | - | - | - | - | - |
| Datin Normaliza binti Kairon | - | - | - | - | - | - | - | - |
| Dato' Roseleen binti Buyong | - | - | - | - | - | - | - | - |
| Safian bin Mohd Yunus | 11,249,600 | 0.397 | 424,231,300 ^{(c)(d)} | 14.983 | 11,249,600 | 0.441 | 424,231,300 ^{(c)(d)} | 16.647 |
| Dato' Wan Ibrahim bin Wan Ahmad | - | - | - | - | - | - | - | - |
| Yee Kim Shing @ Yew Kim Sing | 200,000 | 0.007 | - | - | 200,000 | 0.008 | - | - |
| Substantial shareholders | | | | | | | | |
| Urusharta Jamaah Sdn Bhd | 248,306,800 | 8.770 | - | - | 248,306,800 | 9.744 | - | - |
| Safian bin Mohd Yunus | 11,249,600 | 0.397 | 424,231,300 ^{(c)(d)} | 14.983 | 11,249,600 | 0.441 | 424,231,300 ^{(c)(d)} | 16.647 |
| Demi Mekar Sdn Bhd | 171,731,300 | 6.065 | - | - | 171,731,300 | 6.739 | - | - |
| Azlan bin Abdul Kadir | - | - | 171,731,300 ^(e) | 6.065 | - | - | 171,731,300 ^(e) | 6.739 |
| Kuantum Juang Sdn Bhd | 170,000,000 | 6.004 | - | - | 170,000,000 | 6.671 | - | - |
| Datuk Haji Abu Hanifah bin Noordin | 225,198,100 | 7.953 | 6,110,000 ^(a) | 0.216 | 225,198,100 | 8.837 | 6,110,000 ^(a) | 0.240 |
| Chew Ben Ben | 152,326,600 | 5.380 | - | - | 152,326,600 | 5.978 | - | - |
| Chew Chi Hong | 118,320,000 | 4.179 | 32,492,300 ^(b) | 1.148 | 118,320,000 | 4.643 | 32,492,300 ^(b) | 1.275 |

Notes:-

- (i) Based on the existing number of issued shares of 2,831,467,700 Shares (excluding Treasury Shares).
- (ii) Based on the number of issued shares of 2,548,320,930 Shares, assuming that the Company purchases the maximum of 283,146,770 Shares, representing ten per centum (10%) of the total issued shares of 2,831,467,700 Shares (excluding Treasury Shares) from the shareholders other than the existing Directors and Substantial Shareholders of the Company.
- (a) Indirect interested by virtue of his spouse and children shareholding in the Company.
- (b) Indirect interested by virtue of his spouse shareholding in the Company.
- (c) Deemed interested by virtue of his substantial shareholding in Puncak Kuasa Holdings Sdn Bhd pursuant to Section 8 of the Act which in turn holds more than 20% of the voting shares of Hallmark Epitome Sdn Bhd.
- (d) Deemed interested by virtue of his substantial shareholding in Demi Mekar Sdn Bhd and Kuantum Juang Sdn Bhd pursuant to Section 8 of the Act.
- (e) Deemed interested by virtue of his substantial shareholding in Demi Mekar Sdn Bhd pursuant to Section 8 of the Act.

Maximum Scenario

| | Shareholdings as at the LPD ⁽ⁱ⁾ | | | | After the Proposed Renewal of Share Buy-Back Authority ⁽ⁱⁱ⁾ | | | |
|--|--|-------|-------------------------------|--------|--|-------|-------------------------------|--------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Directors | | | | | | | | |
| Datuk Haji Abu Hanifah bin Noordin | 225,198,100 | 7.953 | 6,110,000 ^(a) | 0.216 | 231,881,400 ^(f) | 6.162 | 61,615,060 ^{(a)(g)} | 1.637 |
| Dato' Wan Mohd Safiain bin Wan Hasan | - | - | - | - | 44,000 ^(h) | 0.001 | - | - |
| Chew Chi Hong | 118,320,000 | 4.179 | 32,492,300 ^(b) | 1.148 | 120,320,000 ^(k) | 3.197 | 42,775,700 ^{(b)(l)} | 1.137 |
| Chia Kok Khuang | - | - | - | - | - | - | - | - |
| Azrul bin Yahaya | - | - | - | - | - | - | - | - |
| Tan Sri Ahmad Zaki Ansore bin Mohd Yusof | - | - | - | - | - | - | - | - |
| Tan Sri Borhan bin Dolah | - | - | - | - | - | - | - | - |
| Tan Sri Dato' Seri Dr Khalid bin Abu Bakar | - | - | - | - | - | - | - | - |
| Dato' Ibrahim bin Abdullah | - | - | - | - | - | - | - | - |
| CP(R) Datuk Mohd Khalil bin Kader Mohd | - | - | - | - | - | - | - | - |
| Datin Normaliza binti Kairon | - | - | - | - | - | - | - | - |
| Dato' Roseleen binti Buyong | - | - | - | - | - | - | - | - |
| Safian bin Mohd Yunus | 11,249,600 | 0.397 | 424,231,300 ^{(c)(d)} | 14.983 | 11,249,600 | 0.299 | 424,231,300 ^{(c)(d)} | 11.273 |
| Dato' Wan Ibrahim bin Wan Ahmad | - | - | - | - | - | - | - | - |
| Yee Kim Shing @ Yew Kim Sing | 200,000 | 0.007 | - | - | 200,000 | 0.005 | - | - |
| Substantial shareholders | | | | | | | | |
| Urusharta Jamaah Sdn Bhd | 248,306,800 | 8.770 | - | - | 248,306,800 | 6.598 | - | - |
| Safian bin Mohd Yunus | 11,249,600 | 0.397 | 424,231,300 ^{(c)(d)} | 14.983 | 11,249,600 | 0.299 | 424,231,300 ^{(c)(d)} | 11.273 |
| Demi Mekar Sdn Bhd | 171,731,300 | 6.065 | - | - | 171,731,300 | 4.563 | - | - |
| Azlan bin Abdul Kadir | - | - | 171,731,300 ^(e) | 6.065 | - | - | 171,731,300 ^(e) | 4.563 |
| Kuantum Juang Sdn Bhd | 170,000,000 | 6.004 | - | - | 170,000,000 | 4.517 | - | - |
| Datuk Haji Abu Hanifah bin Noordin | 225,198,100 | 7.953 | 6,110,000 ^(a) | 0.216 | 231,881,400 ^(f) | 6.162 | 61,615,060 ^{(a)(g)} | 1.637 |
| Chew Ben Ben | 152,326,600 | 5.380 | - | - | 312,680,500 ⁽ⁱ⁾ | 8.309 | 130,250,000 ^(j) | 3.461 |
| Chew Chi Hong | 118,320,000 | 4.179 | 32,492,300 ^(b) | 1.148 | 120,320,000 ^(k) | 3.197 | 42,775,700 ^{(b)(l)} | 1.137 |

Notes:-

- (i) Based on the existing number of issued shares of 2,831,467,700 Shares (excluding Treasury Shares).
- (ii) Based on the number of issued shares of 3,763,320,930 Shares, assuming that the Company purchases the maximum of 418,146,770 Shares, representing ten per centum (10%) of the total issued shares of 4,181,467,700 Shares (excluding Treasury Shares) from the shareholders other than the existing Directors and Substantial Shareholders of the Company.
- (a) Indirect interested by virtue of his spouse and children shareholding in the Company.
- (b) Indirect interested by virtue of his spouse shareholding in the Company.
- (c) Deemed interested by virtue of his substantial shareholding in Puncak Kuasa Holdings Sdn Bhd pursuant to Section 8 of the Act which in turn holds more than 20% of the voting shares of Hallmark Epitome Sdn Bhd.
- (d) Deemed interested by virtue of his substantial shareholding in Demi Mekar Sdn Bhd and Kuantum Juang Sdn Bhd pursuant to Section 8 of the Act.
- (e) Deemed interested by virtue of his substantial shareholding in Demi Mekar Sdn Bhd pursuant to Section 8 of the Act.
- (f) Assuming full exercise of 6,683,300 outstanding Warrants held by Datuk Haji Abu Hanifah bin Noordin.
- (g) Assuming full exercise of 55,505,060 outstanding Warrants held by the spouse and children of Datuk Haji Abu Hanifah bin Noordin.
- (h) Assuming full exercise of 44,000 outstanding Warrants held by Dato' Wan Mohd Safiain bin Wan Hasan.
- (i) Assuming full exercise of 160,353,900 outstanding Warrants held by Chew Ben Ben.
- (j) Assuming full exercise of 130,250,000 outstanding Warrants held by Enrich Epitome Sdn Bhd.
- (k) Assuming full exercise of 2,000,000 outstanding Warrants held by Chew Chi Hong.
- (l) Assuming full exercise of 10,283,400 outstanding Warrants held by the spouse of Chew Chi Hong.

5.3 NA and NA per Share

The effects of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per Share would be dependent on the purchase price of the Shares, the effective funding cost to the Group to finance the purchase of the Shares and/or any loss of interest income to the Company and whether the Purchased Shares are cancelled, retained as Treasury Shares or resold on Bursa Malaysia.

If the Purchased Shares are held as Treasury Shares, due to the requirement for Treasury Shares to be carried at cost and be offset against equity, it will result in a decrease in the consolidated NA by the cost of the Treasury Shares. In the event the Purchased Shares are cancelled, the consolidated NA per Share would improve if the purchase price of the Shares is below the NA per share of the Company, and vice versa.

If the Treasury Shares are resold in the open market, the consolidated NA per Share may increase if the Company realises a gain from the resale, and vice versa. If the Treasury Shares are distributed as share dividends, the consolidated NA would be accordingly decreased by the cost of acquisition of the Treasury Shares.

5.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which would depend on, amongst other, the number of Shares eventually purchased and the purchase price of the Shares. The cash flow of the Group will be reduced relatively to the number of Shares eventually purchased and the purchase price of the Shares.

For Shares so purchased which are kept as Treasury Shares, upon its resale, the working capital and cash flow of the Company will increase. The quantum of the increase in the working capital and cash flow will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold.

5.5 Earnings and EPS

The effects of the Proposed Renewal of Share Buy-Back Authority on the consolidated EPS are dependent on the purchase prices of the Shares and the effective funding cost, if any, or any loss in interest income to the Group. If the Purchased Shares are cancelled, the net EPS of Datasonic may increase as a result of the reduction in the issued share capital of the Company.

In the event Treasury Shares are resold on the open market, the consolidated EPS may also increase if we realise a gain from the resale, and vice-versa. Assuming that the Purchased Shares are being retained as Treasury Shares and subsequently resold, the effects on the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain or loss arising from the resale.

5.6 Dividends

The Proposed Renewal of Share Buy-Back Authority is not expected to have any impact on the policy of the Board in recommending dividends, if any, to the shareholders of Datasonic. However, the Board may distribute future dividends in the form of Shares which have been bought back and retained as Treasury Shares.

5.7 Gearing

The effect of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group would depend on the proportion of borrowings utilised to fund any purchase of Shares, if any. Any borrowing utilised to purchase the Shares may increase the gearing of the Group.

However, at this juncture, the Company has not determined whether to use any borrowing to purchase any Shares under the Proposed Renewal of Share Buy-Back Authority.

6. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Share Buy-Back Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread requirements as set out in Paragraph 8.02(1) of the Listing Requirements.

As at the LPD, the public shareholding spread of the Company based on the record of depositors was approximately 56.97%. The Board is mindful of the compliance with the public shareholding spread as required by the Listing Requirements and will use its best endeavours when purchasing its own Shares to such extent that it will not result in the Company being in breach of the minimum public shareholding spread of 25%.

7. IMPLICATIONS RELATING TO THE CODE

Pursuant to the Code, if a person and/or any person acting in concert,

- (i) has obtained control of a company as a result of acquiring shares i.e. the stake in the company is increased beyond 33%; or
- (ii) holding more than 33% but less than 50% of the voting shares of a company, who as a result of a purchase by the company of its own voting shares, increases the person's and any person acting in concert's shareholding in any period of 6 months by more than 2% of the voting shares of the company,

there is an obligation to extend a mandatory general offer to acquire the remaining shares not already held by that person and person acting in concert.

In addition, according to the Code, if any person or person acting in concert holding more than 33% but less than 50% of the voting shares of a company, as a result of a reduction of the voting shares of a company through a buy back scheme under the Act, has increased his holding of voting shares by more than 2% in any 6 months period, he may apply to the Securities Commission Malaysia for an exemption from the mandatory general offer obligation if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation. However, such exemption will not be granted by the Securities Commission Malaysia if the holder of voting shares has previously acquired voting shares in the knowledge that the company intended to seek permission from its shareholders to purchase its own voting shares.

The Board does not intend to undertake the Proposed Renewal of Share Buy-Back Authority such that it will trigger any obligation to undertake a mandatory general offer pursuant to the Code. However, in the event an obligation to undertake a mandatory general offer is expected to arise from the Proposed Renewal of Share Buy-Back Authority, the affected major shareholder and/or person acting in concert with him may make necessary application to the Securities Commission Malaysia for an exemption from undertaking the mandatory general offer pursuant to the Code prior to any buy back of the Shares.

The Board is aware of the implications of the Code and other prevailing laws and will be mindful of such implications when making any purchase of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares for the past twelve (12) months as transacted on Bursa Malaysia are as follows:-

| | High (RM) | Low (RM) |
|-------------|------------------|-----------------|
| 2022 | | |
| June | 0.590 | 0.450 |
| July | 0.520 | 0.420 |
| August | 0.535 | 0.455 |
| September | 0.535 | 0.455 |
| October | 0.520 | 0.460 |
| November | 0.540 | 0.440 |
| December | 0.530 | 0.460 |
| | High (RM) | Low (RM) |
| 2023 | | |
| January | 0.505 | 0.450 |
| February | 0.500 | 0.440 |
| March | 0.470 | 0.410 |
| April | 0.455 | 0.420 |
| May | 0.450 | 0.410 |

(Source: www.investing.com)

The last transacted market price of Datasonic Shares on LPD was RM0.460.

9. PURCHASES, RESALE AND CANCELLATION MADE IN THE PRECEDING TWELVE (12) MONTHS

The Company has purchased its own Shares in the preceding twelve (12) months up to the LPD, the details of the purchases are as follows:-

| Date of Purchase | No. of Shares Purchased | Purchase Price (RM) | | Average Price (RM) | Total Consideration (RM) |
|------------------|-------------------------|---------------------|---------|--------------------|--------------------------|
| | | Minimum | Maximum | | |
| 21.09.2022 | 250,000 | 0.470 | 0.470 | 0.470 | 118,064.75 |
| 22.09.2022 | 500,000 | 0.465 | 0.470 | 0.4675 | 234,872.38 |
| 23.09.2022 | 250,000 | 0.465 | 0.465 | 0.465 | 116,809.13 |
| 26.09.2022 | 2,161,000 | 0.470 | 0.480 | 0.47174 | 1,023,794.26 |
| 27.09.2022 | 500,000 | 0.465 | 0.465 | 0.4650 | 233,616.75 |
| 28.09.2022 | 729,200 | 0.460 | 0.465 | 0.46276 | 339,065.15 |
| 29.09.2022 | 250,000 | 0.465 | 0.465 | 0.465 | 116,809.13 |
| 30.09.2022 | 920,000 | 0.460 | 0.465 | 0.46228 | 427,340.08 |
| 03.10.2022 | 358,800 | 0.460 | 0.465 | 0.46152 | 166,388.84 |
| 04.10.2022 | 250,000 | 0.465 | 0.465 | 0.465 | 116,809.13 |
| 07.10.2022 | 1,290,000 | 0.490 | 0.50 | 0.49425 | 640,643.53 |
| 11.10.2022 | 850,000 | 0.490 | 0.50 | 0.49376 | 421,711.00 |
| 12.10.2022 | 500,000 | 0.485 | 0.49 | 0.4875 | 244,920.38 |
| 13.10.2022 | 1,450,000 | 0.485 | 0.495 | 0.48962 | 713,291.84 |
| 14.10.2022 | 550,000 | 0.495 | 0.50 | 0.4958 | 273,999.38 |
| 17.10.2022 | 750,000 | 0.490 | 0.50 | 0.49248 | 371,133.89 |
| 19.10.2022 | 1,296,700 | 0.490 | 0.495 | 0.49404 | 643,697.23 |
| 20.10.2022 | 303,300 | 0.495 | 0.50 | 0.49588 | 151,123.22 |
| 25.10.2022 | 200,000 | 0.505 | 0.505 | 0.505 | 101,484.80 |
| 26.10.2022 | 450,000 | 0.50 | 0.50 | 0.500 | 226,080.00 |
| 27.10.2022 | 600,000 | 0.495 | 0.505 | 0.49912 | 300,910.27 |
| 31.10.2022 | 250,000 | 0.510 | 0.510 | 0.510 | 128,112.75 |
| 01.11.2022 | 200,000 | 0.510 | 0.510 | 0.510 | 102,489.60 |
| 02.11.2022 | 61,100 | 0.510 | 0.510 | 0.510 | 31,405.32 |
| 03.11.2022 | 288,900 | 0.515 | 0.515 | 0.515 | 149,497.99 |

| Date of Purchase | No. of Shares Purchased | Purchase Price (RM) | | Average Price (RM) | Total Consideration (RM) |
|------------------|-------------------------|---------------------|---------|--------------------|--------------------------|
| | | Minimum | Maximum | | |
| 07.11.2022 | 1,500,000 | 0.505 | 0.515 | 0.510 | 768,524.50 |
| 08.11.2022 | 1,250,000 | 0.495 | 0.505 | 0.5008 | 629,004.80 |
| 09.11.2022 | 2,100,000 | 0.485 | 0.495 | 0.48949 | 1,032,321.17 |
| 10.11.2022 | 1,150,000 | 0.485 | 0.490 | 0.48783 | 563,698.82 |
| 11.11.2022 | 450,000 | 0.485 | 0.490 | 0.48661 | 220,025.62 |
| 14.11.2022 | 750,000 | 0.485 | 0.490 | 0.48667 | 366,756.02 |
| 15.11.2022 | 750,000 | 0.485 | 0.490 | 0.48767 | 367,508.49 |
| 16.11.2022 | 1,300,000 | 0.470 | 0.490 | 0.48155 | 629,021.36 |
| 17.11.2022 | 1,500,000 | 0.460 | 0.470 | 0.465 | 700,801.75 |
| 21.11.2022 | 4,300,000 | 0.445 | 0.480 | 0.45178 | 1,950,064.76 |
| 22.11.2022 | 1,550,000 | 0.460 | 0.475 | 0.46979 | 731,577.48 |
| 01.06.2023 | 532,300 | 0.440 | 0.445 | 0.4450 | 235,974.06 |
| 02.06.2023 | 100,000 | 0.450 | 0.450 | 0.450 | 45,351.00 |
| 07.06.2023 | 100,000 | 0.455 | 0.455 | 0.4550 | 45,855.65 |
| 08.06.2023 | 80,000 | 0.455 | 0.455 | 0.4550 | 36,684.82 |
| 09.06.2023 | 100,000 | 0.455 | 0.460 | 0.4593 | 46,289.37 |
| 12.06.2023 | 70,000 | 0.460 | 0.465 | 0.4636 | 32,703.84 |
| 14.06.2023 | 100,000 | 0.465 | 0.465 | 0.465 | 46,863.45 |

As at the LPD, the Company had purchased a total number of 130,532,300 Datasonic Shares and held as Treasury Shares. There was no resale or cancellation of Treasury Shares in the preceding twelve (12) months and up to the LPD.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage of shareholdings and percentage of voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and substantial shareholders of Datasonic and Persons Connected with them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

11. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval from the shareholders of the Company at the forthcoming AGM.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. As such, the Directors recommend that you vote in favour of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming Fifteenth AGM of the Company.

13. AGM

The ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority is set out as Special Business in the Notice of Fifteenth AGM which is circulated to you together with this Statement.

The Fifteenth AGM of the Company will be held and conducted as a virtual meeting through live streaming using Remote Participation and Voting ("RPV") facilities via <https://sshsb.net.my/> from the broadcast venue at Conference Room, Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 2 August 2023 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing, amongst others, the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back Authority.

A member is entitled to attend, participate and vote at the meeting and is also entitled to appoint a proxy to attend, participate and vote on his behalf. The Form of Proxy should be completed and lodged at the Company's Share Registrar's office, Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T)) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur or to be submitted via fax at +603 2094 9940 or +603 2095 0292 or emailed to info@sshsb.com.my not less than forty-eight (48) hours before the time set for holding the Fifteenth AGM or at any adjournment thereof.

The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>, not less than forty-eight (48) hours before the time set for holding the Fifteenth AGM or at any adjournment thereof. For further information, please refer to the "Submit e-Proxy Form" in the Administrative Guide.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors of
DATASONIC GROUP BERHAD

Datuk Haji Abu Hanifah bin Noordin
Chairman

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur during business hours from Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of the AGM:-

- (i) The Constitution of Datasonic; and
- (ii) The audited financial statements of Datasonic for the past two (2) FYEs 31 March 2022 and 31 March 2023.

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DATASONIC GROUP BERHAD
 (Registration No. 200801008472 (809759-X))
 (Incorporated in Malaysia)

EXTRACT OF THE NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON WEDNESDAY, 2 AUGUST 2023 AT 10:00 A.M.

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution:-

**7. Ordinary Resolution
 Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Companies Act, 2016 ("the Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

- a) the aggregate number of ordinary shares to be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as treasury shares (if any); and
- b) the maximum fund to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase, upon such terms and conditions as set out in the Statement to Shareholders dated 3 July 2023.

THAT the authority conferred by this resolution shall continue to be in force until:-

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

whichever occurs first, but shall not prejudice the completion of purchase(s) of the ordinary shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia and/or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase(s) of the ordinary shares by the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manners:-

- a) distribute the ordinary shares as share dividends to shareholders; and/or
- b) resell the ordinary shares or any of the ordinary shares in accordance with the relevant rules of Bursa Malaysia; and/or
- c) transfer the ordinary shares or any of the ordinary shares for the purposes of or under an employees' share scheme; and/or
- d) transfer the ordinary shares or any of the ordinary shares as purchase consideration; and/or
- e) cancel the ordinary shares or any of the ordinary shares; and/or
- f) sell, transfer or otherwise use the ordinary shares for such other purposes as allowed by the Act.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as necessary or expedient to implement, finalise or complete or to give full effect to the purchase(s) of the ordinary shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

Ordinary Resolution 15

(Please refer to Explanatory Note F)

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