

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the contents of this Circular prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



TURBO-MECH BERHAD
(Registration No. 200901020166 (863263-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The ordinary resolution pertaining to the proposal above will be tabled as Special Business at the Fifteenth Annual General Meeting (“**15th AGM**”) of Turbo-Mech Berhad (“**the Company**”) to be held at Agate Room, Avante Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 28 May 2024 at 3:00 p.m.. The Notice of the 15th AGM dated 29 April 2024 together with the Proxy Form, which is enclosed in the Annual Report 2023 of the Company for the financial year ended 31 December 2023 are available to be downloaded from the Company’s website together with this Circular.

If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the Company’s Share Registrar’s office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 15th AGM or any adjournment at which the person named in the instrument proposes to vote before the time appointed for the holding the 15th AGM, and in default the Proxy Form shall not be treated as valid. Any termination of a person’s authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this Meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the Meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Sunday, 26 May 2024 at 3:00 p.m.

Date and time of the 15th AGM : Tuesday, 28 May 2024 at 3:00 p.m.

This Circular is dated 29 April 2024

DEFINITIONS

In this Circular, unless otherwise stated, the following terms and abbreviations shall apply throughout this Circular:-

“Act”	: Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Audit Committee”	: Audit Committee presently comprising Pn Nurul Ain binti Khirul Ashar, Mr Gordon Yong Lin Fooi and Ms Chan Bee Eie
“Bayu Purnama”	: Bayu Purnama Sdn. Bhd. (Registration No. 199201015344 (246847-V))
“Board”	: Board of Directors of Turbo-Mech Berhad
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Director(s)”	: Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
“LPD”	: 29 March 2024, being the latest practicable date prior to the printing of this Circular, which shall not be more than one (1) month prior to the date of this Circular
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities including any amendments to the Main Market Listing Requirements that may be made from time to time
“Major Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in our Company and the number or aggregate number of those shares, is 10% or more of the total number of voting shares in our Company; or 5% or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act 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 major shareholder of Turbo (or any other corporation which is its subsidiary or holding company)
“Person(s) connected”	: As defined in Paragraph 1.01 of Chapter 1 of the Listing Requirements
“Proposed Renewal of Shareholders’ Mandate”	: Proposed renewal of existing shareholders’ mandate for Turbo Group to enter into Recurrent Related Party Transactions pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements for recurrent related transaction of a revenue or trading nature
“RRPT(s)” or “Recurrent Transactions”	: Recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of Turbo Group and are in the ordinary course of business of Turbo Group as specified in Section 2.3 of this Circular
“Related Party(ies)”	: A “director”, “major shareholder” or “person connected” with such director or major shareholder who are interested in the RRPT(s) as set out in Section 2.3 of this Circular
“Related Party Transactions” or “RPT(s)”	: A transaction entered into by the Company or subsidiaries which involves the interest, direct or indirect, of a Related Party
“RM” and “sen”	: Ringgit Malaysia and sen accordingly
“Shareholders’ Mandate”	: Shareholders’ Mandate pursuant to Paragraph 10.09 of the Listing Requirements for Turbo and its subsidiary companies to enter into RRPT(s)
“TMA”	: Turbo-Mech Asia Pte. Ltd. (198900264Z), a wholly-owned subsidiary of the Company
“Turbo” or “the Company”	: Turbo-Mech Berhad (Registration No. 200901020166 (863263-D))
“Turbo Group” or “Group”	: Turbo and its subsidiaries

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References 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 a reference to Malaysian time, unless otherwise specified.

All references to “our Company” in this circular mean Turbo, references to “Our Group” mean our Company and our subsidiaries. Reference to “We”, “Us”, “Our” and “Ourselves” mean our Company, or where the context otherwise requires our Group. All references to “you” in this circular mean the shareholders of our Company, unless the context otherwise requires.

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Appendix I – Further Information

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TURBO-MECH BERHAD
(Registration No. 200901020166 (863263-D))
(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Date: 29 April 2024

BOARD OF DIRECTORS:-

Gan Kok Ten (*Executive Chairman and Chief Financial Officer*)
Nasaruddin bin Mohamed Ali (*Executive Director and Chief Executive Officer*)
Gordon Yong Lin Fook (*Senior Independent Non-Executive Director*)
Nurul Ain binti Khirul Ashar (*Independent Non-Executive Director*)
Chan Bee Eie (*Non-Independent Non-Executive Director*)
Omar bin Mohamed Said (*Non-Independent Non-Executive Director*)

To : The Shareholders of Turbo-Mech Berhad

Dear Sir/Madam,

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

1. INTRODUCTION

At the AGM held on 22 May 2023, the Company had obtained the renewed shareholders' mandate from its shareholders in relation to RRPT(s) which were necessary for Turbo Group's day-to-day operations pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements. Such shareholders' mandate shall continue to be in full force until the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

On 27 February 2024, the Company had announced to Bursa Securities its intention to seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements at the forthcoming AGM.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS WITH DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION ON THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM, THE NOTICE OF AGM IS SET OUT IN THE ANNUAL REPORT 2023 OF THE COMPANY.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Background Information

Paragraph 10.09(2), Part E of Chapter 10 of the Listing Requirements provides that a listed issuer may seek a mandate from its shareholders for RRPT(s) of a listed issuer or its subsidiaries which are necessary for day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(b) of the Listing Requirements;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain the shareholders' mandate, the interested directors, interested major shareholders or interested persons 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 also ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholders' mandate in respect of RRPT(s) pursuant to Paragraph 10.09(2) of the Listing Requirements, the provisions under Paragraph 10.08 of the Listing Requirements shall not apply to the RRPT(s) which are comprised in the said mandate during the validity period of the mandate.

The Shareholders' Mandate for the RRPT(s) is also subject to the following:-

- (a) The transactions are conducted on normal commercial terms;
- (b) The transactions are not detrimental to the minority shareholders;
- (c) The transactions are conducted on arm's length basis; and
- (d) Details of the transactions containing the information as set out in Annexure PN12-A of the Listing Requirements will be set out in the circular.

The Board is seeking your mandate which would allow Turbo Group to enter into the RRPT(s) with the Related Party(ies) as specified in Section 2.3 of this Circular provided that such transactions are necessary for its day-to-day operations, in the ordinary course of their business carried out on normal commercial terms and on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of its minority shareholders pursuant to and in compliance with the conditions stated in Paragraph 10.09 of the Listing Requirements.

The Proposed Renewal of Shareholders' Mandate is subject to annual renewal and as such, the approval of the shareholders for a renewal of the shareholders' mandate will be sought at each subsequent AGM of the Company.

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, shall take effect from and including 28 May 2024, being the date of the forthcoming AGM, and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time such mandate will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as maybe allowed pursuant to Section 340(4) of the Act);
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting; or

whichever is the earliest.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.2 Principal Activities of Turbo Group

The principal business activity of Turbo is that of investment holding whilst the principal activities of Turbo's subsidiaries involved in the RRPT(s) are as follows:-

No.	Name of Company	Effective Equity Interest %	Principal Activities
1.	TMA	100	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services
2.	Scallop (S) Pte. Ltd.	75	Dormant
3.	Rotodyne Phils. Inc.	100	Sales of rotating equipment and spare parts and provision of maintenance and overhaul services
4.	PT Turbo-Mech Indonesia	100	Sales of rotating equipment and spare parts
5.	Turbo-Mech (Thailand) Co. Ltd.	99.8	Sales of rotating equipment and spare parts

2.3 Class and Nature of Related Parties of Recurrent Transactions

It is anticipated that Turbo Group would, in the normal course of business, enter into transactions involving Related Parties set out below. The class and nature of Related Parties are as follows:-

Transacting parties		Types of Recurrent Transactions	Interested Related Parties (*)	Existing Mandate (#)		Estimated value from date of the forthcoming AGM to the next AGM (**) (RM)
Related Party	Company within the Group			Estimated Value as disclosed in preceding year circular dated 21 April 2023 (RM)	Actual Value transacted since last AGM to LPD (RM)	
Bayu Purnama	TMA	Sales of pump parts to Bayu Purnama	<u>Interested Director</u> - Omar bin Mohamed Said <u>Interested Person Connected to Director</u> - Hamimah binti Mohamed Said	2,500,000	34,771	2,500,000

Notes:-

(*) The nature of the relationships and extent of the interest of the Related Parties are as follows:-

- Bayu Purnama is a 42.5% associate company of Turbo.
- The family relationships of the Related Parties are as follows:-

 - Brother - Omar bin Mohamed Said
 - Sister - Hamimah binti Mohamed Said
- Hamimah binti Mohamed Said is a director and major shareholder of Bayu Purnama.
- The Related Parties' shareholding in Bayu Purnama is as follows:-

Related Parties	Direct	Indirect	Total %
Omar bin Mohamed Said	-	-	-
Hamimah binti Mohamed Said	2,550,000	-	51.0

- Omar bin Mohamed Said and Hamimah binti Mohamed are deemed interested by virtue of their family relationship with each other.

(**) The estimated value of the transactions during the validity period of the Proposed Renewal of Shareholders' Mandate is based on the information available at the point of estimation based on the projection of the business to be conducted in the coming year after taking into consideration the prevailing market rates. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated value disclosed above. The frequency of the transactions cannot be detailed as the transactions are ongoing and numerous.

(#) There was no deviation of the Actual Value exceeding the Estimated Value by 10% or more in the Existing Mandate.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.4 Amount due from the Related Parties

As at 31 December 2023, there was no amount due and owing to Turbo Group by its Related Parties pursuant to the RRPT(s) which have exceeded the normal credit terms of the Company and/or subsidiaries.

2.5 Review Procedures for the RRPT(s)

Generally, the terms and conditions of the RRPT(s) are determined based on normal commercial terms, business practices and policies. The rate/pricing is determined after taking into consideration the prevailing comparable market prices/rates available from or provided to other third parties, where applicable, based on similar quality and level of service.

The following internal review procedures, of which are in place, have been established to ensure that the RRPT(s) are undertaken on transaction prices and terms which are not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders:-

- (a) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms.

In relation to provision of air compressor packages and related aftermarket services, the Group has taken into consideration several factors; amongst others, the necessary expertise needed for successful completion of the job within the required time frame.

In relation to trading in pump parts, the RRPT(s) will be traded at arm's length, on normal commercial terms consistent with the Group's usual business practices and policies and transactions are on terms not more favourable to the Related Party(ies) than those generally available to the public and on terms not to the detriment of minority shareholders.

Wherever practical and/or possible, 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 Party(ies) 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.

In the event that quotations or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be reviewed and determined by the Directors who have no interest in the transaction based on the quality and delivery schedules bearing in mind the urgency and efficiency of services to be provided or required to ensure that the RRPT(s) are not detrimental to the Group.

- (b) The name of the Related Party(ies) will be circulated to all operating divisions and our subsidiaries to notify them that all RRPT(s) are required to be undertaken at arm's length basis and consistent with the Group's normal business practices and policies, which are not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders.
- (c) On quarterly basis, these RRPT(s) will be reviewed by senior management of Turbo and the Audit Committee to ensure that the terms of the transactions are not more favourable than those generally available to the public, and are not to the detriment of the minority shareholders and thereafter, reported to the Board.
- (d) The review by senior management and Audit Committee shall incorporate a review of all Related Party Transactions to ensure that the relevant approvals have been obtained prior to commitment and all relevant procedures and guidelines are being adhered to. Should any discrepancies arise relating to the procedures and guidelines, proper steps would be taken to rectify them accordingly.

For purposes of the RRPT(s) and Related Party Transactions, senior management of Turbo will be taken to mean the Executive Chairman, Executive Directors, General Manager and Finance Manager.

- (e) Where the RRPT(s) is one with a value equal to or in excess of RM1,000,000, it will be reviewed and approved by all the Directors who have no interest in the transaction. Where the RRPT(s) is one with a value below RM1,000,000, it will be reviewed and approved by the Executive Chairman or any one of the Executive Directors, who has no interest in the transaction.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D)

2.5 Review Procedures for the RRPT(s) (Cont'd)

- (f) If a member of the Audit Committee or Board or persons connected to him/her has an interest (direct or indirect) in any RPT(s), he/she shall abstain from any deliberation and decision making by the Board or Audit Committee in respect of that transaction.
- (g) Any member of the Audit Committee may as he/she deems fit, request for additional information pertaining to Recurrent Transactions from independent sources or advisers.

2.6 Statement by Audit Committee

The Audit Committee has seen and reviewed the procedures mentioned in Section 2.5 above and is satisfied that the review procedures for RRPT(s) are sufficient to ensure that such related party transactions will be carried out on normal commercial terms and on transaction price which are not prejudicial to the interests of minority shareholders and that the terms of the RRPT(s) are not more favourable to the Related Parties than those generally available to the public and the RRPT(s) are not detrimental to the minority shareholders of the Company.

The Audit Committee is of the opinion that Turbo Group has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner and the frequency of review of these procedures and processes is at least once a year.

3. DISCLOSURE IN ANNUAL REPORT

Disclosure will be made in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT(s) entered into during the financial year, amongst others, based on the following information:-

- (i) the type of the RRPT(s) made; and
- (ii) the names of the Related Party(ies) involved in each type of the RRPT(s) made and their relationships with the Company. The above disclosure will be made in the Company's annual report for each subsequent financial year after the Shareholders' Mandate has been renewed. In addition, if the actual value of the RRPT(s) entered into by Turbo Group exceeds the estimated value of the RRPT(s) disclosed in the circular to shareholders on the Proposed Renewal of Shareholders' Mandate by 10% or more, the Company will make an immediate announcement to Bursa Securities.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The RRPT(s) entered and to be entered into by Turbo Group are all in the ordinary course of business. They are recurring transactions of revenue or trading nature that are necessary for Turbo Group's daily operations and likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and as such, it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPT(s) described herein.

The RRPT(s) are considered by the Board to be beneficial to Turbo Group as they constitute transactions which are necessary for the day-to-day operations of Turbo Group, which contribute to the generation of its turnover and profit. In addition, the RRPT(s) will also provide synergy to Turbo Group which other customers may not be able to provide such as technical information relating to the industry in which the Turbo Group operates in and hence will enable Turbo Group to enhance its competitive edge over other competitors.

The Turbo Group has a long-standing business relationship with the Related Parties. The principal activities of Turbo Group are sale of rotating equipment and spare parts and provision of maintenance and overhaul services. Whilst, the primary business activities of the Related Parties are supplying and distribution of rotating equipment products. The Turbo Group and the Related Parties have reaped mutual benefits by synergizing and tapping the established business and functional expertise within. The Related Parties are the reliable business partners and/or products and services providers of Turbo Group who fulfill its business needs and quality expectation even at a short notice. Thus, it will facilitate transacting in expeditious manner for the provision of products and enhance the Turbo Group's ability to pursue business opportunities, which are time-sensitive in nature.

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, will eliminate the need to announce to Bursa Securities or to issue separate circulars to shareholders and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by Turbo Group into such transactions. It will reduce substantial administrative time and expenses associated with the convening of general meetings and allow manpower resources and time to be channeled toward attaining Turbo Group's corporate objectives and business opportunities.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate is not expected to have any material effect on the issued and paid up share capital, major shareholders' shareholding, earnings per share and net assets of the Group.

However, the Proposed Renewal of Shareholders' Mandate is in relation to transactions which are of a revenue or trading nature and which form an integral part of the Turbo Group's day-to-day operations and hence, they contribute to Turbo Group's financial performance.

6. APPROVAL REQUIRED

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

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

The direct and indirect interest of the interested Director of Turbo and persons connected with him as at 29 March 2024 are summarised below:-

Name	Direct		Indirect	
	No. of Shares in Turbo	%	No. of shares in Turbo	%
Interested Director				
Omar bin Mohamed Said	-	-	-	-

Persons Connected	Direct		Indirect	
	No. of Shares in Turbo	%	No. of shares in Turbo	%
Hamimah binti Mohamed Said ⁽¹⁾	50,000	0.05	-	-

Notes:-

(1) Deemed interested by virtue of her family relationships with Omar bin Mohamed Said (i.e. sister of Omar bin Mohamed Said)

The interested Director, Omar bin Mohamed Said has abstained and will continue to abstain from deliberation and voting on the resolution in respect of the Proposed Renewal of Shareholders' Mandate at the Board meetings, as well as from voting in respect of his direct and indirect shareholdings in the Company, if any, on the ordinary resolution relating to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The aforesaid interested Director has undertaken to ensure that the persons connected to him will abstain from voting in respect of their direct and indirect shareholdings in the Company on the ordinary resolution, deliberating and approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM, if any.

Save as disclosed above, none of the Directors, Major Shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

8. DIRECTORS' RECOMMENDATION

The Board (save for the interested Director) having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Company. Accordingly, the Board (save for the interested Director) recommends that you vote in favour of the ordinary resolution relating to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

9. AGM

The ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate is set out as Special Business in the Notice of the Fifteenth ("15th") AGM. The 15th AGM will be held at Agate Room, Avante Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 28 May 2024 at 3:00 p.m.. An extract of the Notice of the 15th AGM is enclosed in this Circular.

In the event that you wish to appoint a proxy to attend and vote on your behalf, you are requested to complete, sign and return the Proxy Form enclosed in the Annual Report 2023 of the Company in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the time set for holding the 15th AGM, and in default the Proxy Form shall not be treated as valid. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this Meeting.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the 15th AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the AGM.

10. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors of
TURBO-MECH BERHAD

NURUL AIN BINTI KHIRUL ASHAR
Independent Non-Executive Director

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of our business) which have been entered into by Turbo Group within two (2) years preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIM AND ARBITRATION

As at the date of this Circular, neither Turbo nor Turbo's subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which may have a material effect on the Company's financial position, and the Directors are not aware of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect our financial position or business.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection at the Company's Registered Office at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during ordinary business hours from Mondays to Fridays (excluding public holidays) from the date of this Circular up to the date of the forthcoming 15th AGM:-

- (a) the Constitution of Turbo; and
- (b) the Audited Financial Statements for the two (2) financial years ended 31 December 2022 and 31 December 2023.

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EXTRACT OF THE NOTICE OF 15TH AGM

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolution:-

8. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")

"THAT, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter referred to as **"Recurrent Transactions"**) with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 29 April 2024 which are necessary for the day-to-day operations of the Company and its subsidiaries subject further to the following:-

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year on the type of Recurrent Transactions made, the names of the related parties involved in each type of Recurrent Transactions and their relationships with the Company.

AND THAT the approval is subject to annual renewal and shall only continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the Fifteenth AGM of the Company at which the Proposed Renewal of Shareholders' Mandate will be tabled;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earliest.

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

(Ordinary Resolution 7)

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