

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Circular and 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.

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposal as set out herein.



SAM ENGINEERING & EQUIPMENT (M) BERHAD
Company Registration No. 199401012509 (298188-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

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

The above proposal will be tabled as Special Business at the Twenty-seventh Annual General Meeting (“27th AGM”) of SAM ENGINEERING & EQUIPMENT (M) BERHAD (“SAMEE” or “Company”) that will be conducted on a fully virtual basis via the Online Meeting Platform hosted on Securities Services e-Portal (“SSeP”) at <https://sshsb.net.my/login.aspx> (Domain Registration No. with MyNIC Berhad: D4A004360).

The notice of the 27th AGM of the Company, Form of Proxy, Administrative Guide for the 27th AGM, 2021 Annual Report and this Circular to Shareholders can be downloaded at the Company’s website at <https://www.sam-malaysia.com/agm-2021.html>

As the 27th AGM will be conducted via a fully virtual meeting, a member entitled to participate and vote at the meeting may appoint up to two (2) proxies or the Chairman of the Meeting as his/her proxy(ies), by indicating the voting instruction in the Form of Proxy. If you wish to appoint a proxy to participate and vote on your behalf, you are requested to complete the Proxy Form and submit electronically via SSeP at <https://sshsb.net.my/login.aspx> or deposit it at the Registered Office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang, on or before the time and date indicated below.

Please follow the procedures provided in the Administrative Guide for the 27th AGM in order to register, participate and vote remotely via SSeP.

Last date and time for lodging the Proxy Form : Sunday, 22 August 2021 at 10.00 a.m.

Date and time of the AGM : Tuesday, 24 August 2021 at 10.00 a.m.

Online Meeting Platform/Venue : Securities Services e-Portal at <https://sshsb.net.my/login.aspx> (Domain Registration No. with MyNIC Berhad: D4A004360) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

DEFINITIONS

Except where the context otherwise requires, the following definitions will apply throughout this Circular:

Accuron	:	Accuron Technologies Limited, the immediate holding company of SAM Singapore
Act	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
AC	:	Audit Committee
AGM	:	Annual General Meeting
Aviatron	:	Aviatron (M) Sdn Bhd, a subsidiary of SAM Singapore
Board	:	The Board of Directors of SAMEE
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CEO	:	Chief Executive Officer
Circular	:	This circular to shareholders of SAMEE dated 26 July 2021
Director(s)	:	This 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 6 months of the date on which the terms of the transaction were agreed upon, a director of SAMEE, its subsidiary or holding company or a Chief Executive Officer of SAMEE, its subsidiaries or holding company
Listing Requirements	:	Bursa Securities Main Market Listing Requirements, including any amendments to the same that may be made from time to time
LPD	:	30 June 2021, being the latest practicable date prior to the printing of this Circular
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act. Major shareholder shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer (or any other company which is its subsidiary or holding company).
NA	:	Net assets

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DEFINITIONS (Continued)

- Person Connected : In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:-
- (a) a family member of the Director or Major Shareholder, which family member means such person who falls within any one of the following categories:-
 - (i) spouse;
 - (ii) parent;
 - (iii) child including an adopted child and step-child;
 - (iv) brother or sister; and
 - (v) spouse of the person referred to in subparagraph (iii) and (iv) above;
 - (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director or Major Shareholder, or a family member of the Director or Major Shareholder, is the sole beneficiary;
 - (c) a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder;
 - (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;
 - (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;
 - (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;
 - (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;
 - (h) a body corporate in which the Director or 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
 - (i) a body corporate which is a related corporation
- PN : Practice Note of the Listing Requirements
- Proposed Shareholders' Mandate : Proposed renewal of existing shareholders' mandate for the Group's RRPT(s) in their normal course of business, or to enter into the transactions set out in Section 2.5 with persons who are considered to be "Related Party(ies)" as defined in Chapter 10 of the Listing Requirements
- Recurrent Related Party(ies) Transaction(s) or RRPT(s) : Transaction which is recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations entered into by the Group and involves the interest, direct and indirect, of Related Parties
- Related Party or Related Parties : A Director, Major Shareholder or Person(s) Connected with such Director or Major Shareholder as defined under the Listing Requirements

DEFINITIONS (Continued)

RM and sen	:	Ringgit Malaysia and sen respectively
SAMEE Group or the Group	:	SAMEE and its subsidiaries
SAMEE or the Company	:	SAM Engineering & Equipment (M) Berhad (199401012509 (298188-A))
SAM Singapore	:	Singapore Aerospace Manufacturing Pte Ltd, the immediate holding company of SAMEE
SAM Singapore Group	:	SAM Singapore and its subsidiaries / associates
Share(s)	:	Ordinary share(s) in SAMEE
Substantial Shareholder	:	Has the meaning given in Section 136 of the Act
Temasek	:	Temasek Holdings (Private) Limited, the immediate holding company of Accuron
2021 Annual Report	:	Annual Report of SAMEE issued for the financial year ended 31 March 2021

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

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SAM ENGINEERING & EQUIPMENT (M) BERHAD
Company Registration No. 199401012509 (298188-A)
(Incorporated in Malaysia)

Registered Office:
Suite 18.05, MWE Plaza,
No. 8, Lebuhr Farquhar ,
10200 George Town, Penang.

26 July 2021

Board of Directors:

Tan Kai Hoe (*Non-Independent Non-Executive Chairman*)
Goh Wee Keng (*Executive Director and Chief Executive Officer*)
Shum Sze Keong (*Non-Independent Non-Executive Director*)
Dato' Seri Wong Siew Hai (*Independent Non-Executive Director*)
Lee Hock Chye (*Independent Non-Executive Director*)
Datuk Dr. Wong Lai Sum (*Independent Non-Executive Director*)
YM Tunku Afwida Binti Dato' Tunku Abdul Malek (*Independent Non-Executive Director*)
Suresh Natarajan (*Independent Non-Executive Director*)

To: The Shareholders of SAMEE

Dear Sir/Madam,

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

1. INTRODUCTION

At the Company's AGM held on 2 September 2020, the Company obtained a mandate from its shareholders to enter into the RRPT, pursuant to Paragraph 10.09(2) of Chapter 10 and PN12 of the Listing Requirements. The authority granted pursuant to the said shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM of the Company, which will be held on 24 August 2021 unless the authority is renewed.

On 25 May 2021, the Company announced to Bursa Securities that it intends to seek its shareholder's approval of the Proposed Shareholders' Mandate pursuant to Paragraph 10.09(2) of Chapter 10 and PN12 of the Listing Requirements at the forthcoming AGM.

The RRPTs concluded during the financial year ended 31 March 2021 are disclosed under "Other Information" in the 2021 Annual Report.

The Proposed Shareholders' Mandate will take effect from the date of the passing of the Ordinary Resolution proposed at the forthcoming AGM and is subject to annual renewal. In this respect, the Proposed Shareholders' Mandate shall only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which the authorisation is obtained, at which time it shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;
- whichever is the earliest.

The purpose of this Circular is to provide you (the shareholders of the Company) with information on the Proposed Shareholders' Mandate together with the Board's recommendation and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled under special business at the forthcoming AGM.

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

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Paragraph 10.09(2) and PN12 of the Listing Requirements

Pursuant to Paragraph 10.09(2) and PN12 of the Listing Requirements, a listed issuer may seek a shareholders' mandate from its shareholders for RRPT subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed below:-
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (c) the contents of the circular to shareholders by the listed issuer for purposes of the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate,
 - (i) a related party with any interest, direct or indirect ("**interested related party**"), must not vote on the resolution in respect of the related party transaction;
 - (ii) an interested related party who is a director or major shareholder, must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and
 - (iii) where the interested related party is a person connected with a director or major shareholder, such persons must not vote on the resolution in respect of the related party transaction; and

- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Definitions

2.2.1 Related party transactions

“**Related party transactions**” as defined in Paragraph 10.02(k) of the Listing Requirements means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party.

Transactions within the meaning of “Related Party Transactions” exclude transactions entered into between a listed issuer (or any of its wholly owned subsidiaries) and its wholly-owned subsidiaries.

2.2.2 Recurrent Related Party Transaction

“**Recurrent related party transactions**” as defined in Paragraph 10.02(j) of the Listing Requirements means a related party transaction which is:-

- recurrent;
- of a revenue or trading nature; and
- necessary for its day-to-day operations.

Paragraph 3.1.1 of PN12 of the Listing Requirements clarifies that the frequency or regularity of the transaction has to be considered. A transaction which has been made or will be made by the listed issuer at least once in three (3) years in the course of its business will be considered recurrent.

“**Revenue nature necessary for day-to-day operations**”

Paragraph 3.1.2 of PN12 of the Listing Requirements clarifies that a related party transaction of a revenue nature which is necessary for day-to-day operations must either contribute directly or indirectly to the generation of revenue for the listed issuer.

“**In the ordinary course of business**”

Paragraph 3.1.3 of PN12 of the Listing Requirements clarifies that a related party transaction is in the ordinary course of business, if it is a transaction which would reasonably be expected to be carried out by the listed issuer given the type of business the listed issuer is involved in. The fact that the transaction is envisaged in the Constitution of the listed issuer shall not be a conclusive factor of determination.

2.2.3 Related Parties

Related parties are defined under Paragraph 1.01 of the Listing Requirements as follows:-

- Director;
- Major Shareholder; or
- Person Connected with such Director or Major Shareholder.

2.3 Principal activities of SAMEE Group

The principal activities of SAMEE are investment holding and provision of corporate management services whilst the principal activities of its subsidiaries are as follows:-

Subsidiary company of SAMEE	Place of Incorporation	Effective equity interest %	Principal activities
Avitron Private Limited	Republic of Singapore	100	Manufacture of aircraft components and precision engineering parts
Meerkat Precision Sdn Bhd	Malaysia	100	Manufacture of aircraft and other related equipment parts, spares, components and precision engineering parts; and Manufacturing of precision and engineering components.
SAM Meerkat (M) Sdn Bhd	Malaysia	100	Design and assembly of modular or complete machine and equipment
SAM Precision (M) Sdn Bhd	Malaysia	100	Fabrication of precision tools and machinery parts and manufacture of aircraft and other equipment parts, spares, components and precision engineering parts
SAM Tooling Technology Sdn Bhd	Malaysia	100	Design, development and manufacture of trim and form dies and suspension tooling for hard disk drive parts
SAM Precision (Thailand) Limited (subsidiary of SAM Tooling Technology Sdn Bhd)	Thailand	100	Manufacturing of die, jig and parts and cutting tools for disk drives, electronics, semi-conductor and other industries
LKT Automation Sdn Bhd	Malaysia	100	Dormant
LKT Integration Sdn Bhd	Malaysia	100	Dormant
LKT Technology Sdn Bhd	Malaysia	100	Dormant
Meerkat Integrator Sdn Bhd	Malaysia	100	Dormant
SAM Technologies (M) Sdn Bhd	Malaysia	100	Dormant

Subsidiary company of SAMEE	Place of Incorporation	Effective equity interest %	Principal activities
Meerkat Technology Pte. Ltd. (subsidiary of SAM Precision (M) Sdn Bhd)	Republic of Singapore	100	Dormant

2.4 Related Party(ies)

The Related Party(ies) with whom the SAMEE Group carries out the RRPT are as follows:-

Related Party	Principal activity	Interested Major Shareholder
SAM Singapore (subsidiary of Accuron)	Manufacture of aircraft equipment, spares, components and precision engineering parts	Accuron Temasek
Aviatron (subsidiary of SAM Singapore)	Manufacture of aircraft structure parts and manufacturing of precision and engineering components	SAM Singapore Accuron Temasek
SAM (Suzhou) Co. Ltd (subsidiary of SAM Singapore)	Manufacturing of aircraft components and precision engineering parts	

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2.5 Nature of RRPT and class of Related Party(ies)

The details of the nature and estimated annual value of the RRPT in respect of which the Company is seeking **renewal of mandate** from its shareholders as contemplated under the Proposed Shareholders' Mandate are as follows:-

Provider(s) of Goods/ Services	Recipient(s) of Goods/ Services	Nature of Transactions	Estimated value as disclosed in the Circular to Shareholders dated 30 July 2020 RM	Actual value transacted ("Actual value") ¹ RM	Estimated value from forthcoming AGM to next AGM ("Estimated value") ² RM	Interested Related Party(ies) ³	Relationship
SAMEE Group	SAM Singapore Group	Sale of aerospace parts and other precision tools	71,900,000	22,559,908	23,500,000	Tan Kai Hoe, Goh Wee Keng, Shum Sze Keong, Ng Boon Keat, Peter Lim Hee Seng, Temasek, Accuron, SAM Singapore	Tan Kai Hoe is the Non-Independent Non-Executive Chairman of SAMEE, Director and Deputy Chairman of SAM Singapore and Director and President & CEO of Accuron.
		Provision of corporate management services, engineering and administrative services	3,000,000	397,597	2,500,000		
		Sale of fabrication, machining services and special process services	13,800,000	3,230,053	6,600,000		
		Sale of assembly, machining and special process services	1,452,000	-	⁻⁴		
SAM Singapore Group	SAMEE Group	Purchase of fabrication, machining and special process services	8,800,000	2,032,403	9,600,000	Shum Sze Keong is a Non-Independent Non-Executive Director of SAMEE and a Director of SAM Singapore.	Shum Sze Keong is a Non-Independent Non-Executive Director of SAMEE and a Director of SAM Singapore.
		Purchase of corporate management, engineering, administrative, fitting and quality assurance services	6,540,000	4,146,673	5,400,000		

Provider(s) of Goods/ Services	Recipient(s) of Goods/ Services	Nature of Transactions	Estimated value as disclosed in the Circular to Shareholders dated 30 July 2020	Actual value transacted ("Actual value") ¹	Estimated value from forthcoming AGM to next AGM ("Estimated value") ²	Interested Related Party(ies) ³	Relationship
SAM Singapore Group	SAMEE Group	Rental of office, factory premises and machines ⁵	RM 7,860,000	RM 4,777,345	RM 8,700,000	(continue from page 6)	(continue from page 6) Peter Lim Hee Seng is a Director of SAM (Suzhou) Co., Ltd, and certain subsidiaries of SAMEE and Aviatron. Accuron and Temasek are related corporations to SAM Singapore, the immediate holding company of SAMEE.

Notes:

The RRPT covered by this Proposed Shareholders' Mandate are compliant with the Listing Requirements and PN12.

1. The actual value transacted of RRPT from the date on which the existing mandate was obtained up to the LPD.
2. From the date of forthcoming AGM up to date of the next AGM. The estimated value for mandate is based on the forecast of projects by management, that have been undertaken and anticipated to be secured. The estimated value is subject to change.
3. The direct and indirect shareholdings of these interested related parties (if any) are set out in Section 7 below. Accordingly, these interested related parties will abstain from voting in respect of their direct or indirect shareholdings in SAMEE at the forthcoming AGM on the Proposed Shareholders' Mandate.
4. The Company does not intend to seek renewal for this transaction at the forthcoming AGM.

5. Included in the rental of office and factory premises are:-

- a. the amount of rental related to such portion of a building measuring 133,373 square feet at 51 Corporation Road, Singapore 649806 rented by Avitron Private Limited from SAM Singapore. The Tenancy Agreement will expire on 27 September 2021 and the rental is payable on a monthly basis.
- b. The amount of rental of several demarcated portions of an industrial building floor space of approximately 101,330 sq. ft. at Plot 309, Jalan Perindustrian, Bukit Minyak 18, Penang Science Park, 14100 Bukit Minyak, Penang pursuant to a Tenancy Agreement dated 1 September 2019 between Aviatron (M) Sdn Bhd and SAM Precision (M) Sdn Bhd. The Tenancy Agreement will expire on 31 August 2022 and the rental is payable on a monthly basis.

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2.6 Amount Due and Owing by Related Parties

As at the financial year ended 31 March 2021, none of the sums due and owing by the Related Parties have exceeded the credit term.

2.7 Review methods and procedures for RRPT

SAMEE Group has implemented the following procedures to supplement internal procedures for general transactions to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial transaction prices and terms and on terms not more favourable to the Related Party than those generally available to unrelated third parties and are not to the detriment of the minority shareholders:-

- (a) a list of Related Parties is circulated within the SAMEE Group and at the same time, the Related Party is notified that all Recurrent Related Party Transactions are required to be undertaken on arm's length basis and on normal commercial terms. In addition, an approval has to be obtained from the Board and the AC before entering into new Recurrent Related Party Transactions which required announcement to Bursa Securities or required shareholders' approval;
- (b) management will monitor and review all RRPT. Records are maintained by the SAMEE Group to capture all RRPT, which are entered into pursuant to the Proposed Shareholders' Mandate;
- (c) review of RRPT is included in the annual internal audit plan to ensure that the relevant approvals have been obtained and procedures in respect of such transactions are adhered to;
- (d) the AC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review is done every quarter together with the review of quarterly results. AC members have right of access to information pertaining to Related Parties and are entitled to the services of any independent advisers, if required, in the discharge of their duties;
- (e) the transaction price, terms and conditions are determined based on the prevailing market rates which are determined by market forces, demand and supply, specifications and other relevant factors. The Group shall ensure that at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where there has not been any similar or substantially similar nature of transactions between SAMEE Group and unrelated third parties, the prices and terms of the transactions for the products or services will rely on the Group's market knowledge of prevailing industry norms, prevailing commercial rates to ensure that the RRPT is not detrimental to the minority shareholders of SAMEE Group. The training and engineering support costs are based on actual hours spent and cost incurred;
- (f) the cost plus method, if deemed necessary, may be used to determine the transactions price. This method determines the arm's length price by adding an appropriate mark-up to the cost of production. The appropriate mark-up is the percentage earned by the Group on unrelated party transactions/sales which are the same or very similar to the related parties transactions/sales;
- (g) the AC has reviewed the procedures and shall continue to review the procedures as and when required, with the authority to sub-delegate to individuals or committee within the SAMEE Group, as it deems appropriate;

- (h) if a member of the AC has an interest in the transaction to be reviewed by the Board or the AC as the case may be, he will abstain from any decision-making by the Board or the AC in respect of that transaction; and
- (i) should the AC during its review form an opinion that the Related Party Transactions are not being conducted in accordance with the established procedures and/or are not being conducted on an arm's length basis and on normal commercial terms, or are detrimental to the interest of shareholders, the Board will be advised to convene a general meeting of shareholders to seek a fresh shareholders' mandate for the RRPT of a revenue and/or trading nature.

2.8 Thresholds for Approval of RRPT

There are no specific thresholds for the approval of RRPT within the Group. All the RRPT will be monitored by the management and reviewed by the AC on a quarterly basis and approved by the Board.

2.9 Validity period of the Proposed Shareholders' Mandate

If approved at the forthcoming AGM, the Proposed Shareholders' Mandate will take effect from the passing of the resolution(s) relating thereto at the AGM and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the authorisation is obtained, at which time it shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed; or
- (b) 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 extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earliest.

In view of the foregoing, the Board will seek your approval for the Proposed Shareholders' Mandate at the forthcoming 27th AGM, and at each subsequent AGM subject to satisfactory review by the AC of its continued application to the RRPT.

Transactions with any Related Parties, which do not fall within the ambit of the Proposed Shareholders' Mandate, will be subject to other applicable provisions of the Listing Requirements, the Act and/or any applicable law.

2.10 Disclosure in Annual Report

Disclosure will be made in the Company's 2021 Annual Report and in the Annual Reports for subsequent financial years that the Proposed Shareholders' Mandate continue in force in accordance with Paragraph 3.1.5 of PN12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT made during the financial year pursuant to the Proposed Shareholders' Mandate based on the following information:-

- (a) the type of RRPT made; and
- (b) the names of the related parties involved in each type of the RRPT made and their relationship with the Company.

2.11 Deviation from mandate

The actual value of RRPT did not exceed 10% of the estimated value as approved under the previous shareholders' mandate granted to the Company at the AGM duly held on 2 September 2020.

3. STATEMENT BY THE AC

The AC of the Company has seen and reviewed the procedures set forth in Section 2.7 above and is of the view that:-

- (a) the said procedures are sufficient to ensure that the RRPT are carried out on terms not more favourable to the Related Party than those generally available to the public or unrelated third parties and are not to the detriment of the minority shareholders of the Company; and
- (b) the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

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

4.1 Rationale for the Proposed Shareholders' Mandate

The RRPT disclosed in Section 2.5 and between the companies named in Section 2.4 are in the ordinary course of business and are essential for the Company to enhance the ability of the SAMEE Group to explore beneficial business opportunities.

The renewal of mandate provides the SAMEE Group with precision engineering capability to manufacture critical aerospace components and the support for its operational and business needs. Besides enhancing its ability to explore beneficial business opportunities, it also enables the SAMEE Group's products to penetrate into wider clientele base.

The aerospace industry requires intensive investments covering capital investments and more importantly investment into building the human capital of the Group. This is on top of being subjected to stringent certification processes. SAM Singapore Group's established competency and experience in the aerospace industry will assist the SAMEE Group to accelerate development of such competency locally in the most effective manner.

The RRPT are likely to occur with some degree of frequency and could arise any time as and when the circumstances so require. Some of these transactions may be time sensitive and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT.

The obtaining of the shareholders' mandate and the renewal thereof on an annual basis would eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT of a revenue or trading nature arise, thereby reducing administrative time and costs associated with the convening of such meetings without compromising the corporate objectives or adversely affecting the business opportunities available to the Group.

4.2 Benefits of the Proposed Shareholders' Mandate

Some other benefits to be derived from the RRPT are:-

- (a) the Related Party with whom the Group transacts is a reliable supplier of the goods/services required for the Group's business and therefore, risk of any interruption to the Group's day-to-day operations would be minimised;
- (b) prompt and better service can be obtained as the Related Party has in-depth understanding of the Groups' businesses and industries within which the Group operates; and
- (c) the close working relationship and co-operation between the Group and the Related Party would result in better communication and understanding of the Group's business needs which would in turn improve the Group's delivery time, resulting in the Group being able to better fulfill the requirements of its customers.

5. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any significant impact on the share capital, shareholdings of major shareholders and earnings or NA of the Group for the financial year ending 31 March 2022.

6. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of SAMEE being obtained at the forthcoming AGM.

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7. MAJOR SHAREHOLDERS AND DIRECTORS' INTERESTS

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

7.1 Interest of Major Shareholders

As at LPD, the direct and indirect interest of the Major Shareholders of the Company who have interest, direct or indirect, in the Proposed Shareholders' Mandate are:-

Name of Major Shareholder	Interest as at the LPD			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
SAM Singapore	96,835,226	71.54		
Accuron	-	-	^(a) 96,835,226	71.54
Temasek	-	-	^(b) 96,835,226	71.54

Notes:

^(a) Held indirectly through SAM Singapore.

^(b) Held indirectly through Accuron.

By virtue of SAM Singapore, Accuron and Temasek, being the interested Major Shareholders of SAMEE, SAM Singapore, Accuron and Temasek will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Shareholders' Mandate, to be tabled at the AGM to be convened. SAM Singapore, Accuron and Temasek further undertake that they will ensure that Person(s) Connected with them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in the Company, deliberating or approving the resolution pertaining to the Proposed Shareholders' Mandate, to be tabled at the AGM to be convened.

7.2 Interest of Directors

As at LPD, the direct and indirect interest in the Company of (a) Directors of the Company and (b) Directors of the subsidiaries of the Company who have interest, direct or indirect, in the Proposed Shareholders' Mandate are:-

	Interest as at the LPD			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
(a) Directors of the Company				
Tan Kai Hoe	-	-	-	-
Goh Wee Keng	1,402,523	1.04	-	-
Shum Sze Keong	-	-	-	-
(b) Directors of the subsidiaries				
Ng Boon Keat	303,809	0.22	-	-
Peter Lim Hee Seng	163,400	0.12	-	-

Tan Kai Hoe, being the Non-Independent Non-Executive Chairman of SAMEE, Director and Deputy Chairman of SAM Singapore and Director and President & CEO of Accuron, is deemed interested in the Proposed Shareholders' Mandate and has abstained and will continue to abstain from Board deliberations and voting with regards to the Proposed Shareholders' Mandate.

Goh Wee Keng, being the Executive Director and CEO of SAMEE, the Director/President and CEO of SAM Singapore, and Director of certain subsidiaries of SAMEE and SAM Singapore, Aviatron and SAM (Suzhou) Co. Ltd, and by virtue of his direct shareholding in SAMEE, is deemed interested in the Proposed Shareholders' Mandate and has abstained and will continue to abstain from Board deliberations and voting with regards to the Proposed Shareholders' Mandate. He will also abstain from voting in respect of his shareholding in the Company on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Shum Sze Keong, being a Non-Independent Non-Executive Director of SAMEE and a Director of SAM Singapore, is deemed interested in the Proposed Shareholders' Mandate and has abstained and will continue to abstain from Board deliberations and voting with regards to the Proposed Shareholders' Mandate.

Ng Boon Keat, being Chief Operating Officer of SAMEE Group, Director of certain subsidiaries of SAMEE and Aviatron, by virtue of his direct shareholding in SAMEE, is deemed interested in the Proposed Shareholders' Mandate and has abstained and will continue to abstain from Board deliberations and voting with regards to the Proposed Shareholders' Mandate. He will also abstain from voting in respect of his shareholding in the Company on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Peter Lim Hee Seng, being the Director of SAM (Suzhou) Co., Ltd, certain subsidiaries of SAMEE and Aviatron, and by virtue of his direct shareholding in SAMEE, is deemed interested in the Proposed Shareholders' Mandate and has abstained and will continue to abstain from Board deliberations and voting with regards to the Proposed Shareholders' Mandate. He will also abstain from voting in respect of his shareholding in the Company on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders and/or Persons Connected to the Directors and/or Major Shareholders of the Company has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

The Interested Directors and Interested Major Shareholders have undertaken to ensure that Person(s) Connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in the Company, deliberating or approving the resolution pertaining to the Proposed Shareholders' Mandate, to be tabled at the AGM to be convened.

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8. BOARD'S RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, the Board, save for Mr. Tan Kai Hoe, Mr. Goh Wee Keng and Mr. Shum Sze Keong, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Group.

Accordingly, the Board, save for Mr. Tan Kai Hoe, Mr. Goh Wee Keng and Mr. Shum Sze Keong, recommends that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

9. AGM

For purposes of approving the Proposed Shareholders' Mandate at the 27th AGM, which will be held on a fully virtual basis via the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/login.aspx> (Domain Registration No. with MyNIC Berhad: D4A004360) on Tuesday, 24 August 2021 at 10.00 a.m., the notice of which is enclosed in the Company's 2021 Annual Report which can be downloaded at the Company's website at <https://www.sam-malaysia.com/agm-2021.html>.

If you are unable to participate and vote at the forthcoming AGM, you may deposit the physical Proxy Form at the Registered Office of the Company not less than forty-eight (48) hours before the time set for the holding of the meeting. Alternatively, you may choose to submit Proxy Form(s) through the SS E Solutions Sdn. Bhd.'s Online portal by following the procedures provided in the Administrative Guide for the 27th AGM.

10. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
SAM ENGINEERING & EQUIPMENT (M) BERHAD
Company Registration No. 199401012509 (298188-A)

Dato' Seri Wong Siew Hai
Independent Non-Executive Director

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

As at the LPD, neither SAMEE nor any of its subsidiaries has entered into any material contract, not being contracts entered into in the ordinary course of business, within the past two (2) years preceding the LPD.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither SAMEE nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of SAMEE do not have any knowledge of proceedings pending or threatened against SAMEE and/or its subsidiaries, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of SAMEE and/or its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Suite 18.05, MWE Plaza, No. 8, Lebu Farquhar, 10200 George Town, Pulau Pinang, during normal business hours for a period of not less than fourteen (14) days from the date of this Circular, being from the date hereof up to the time fixed for the holding of the AGM:-

- (a) Constitution of SAMEE;
- (b) audited financial statements of SAMEE Group for the past two (2) financial years ended 31 March 2020 and 31 March 2021; and
- (c) unaudited 4th quarterly financial results for the period ended 31 March 2021.

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EXTRACT OF NOTICE OF THE 27TH ANNUAL GENERAL MEETING OF THE COMPANY SCHEDULED TO BE HELD ON A FULLY VIRTUAL BASIS THROUGH THE ONLINE MEETING PLATFORM HOSTED ON SECURITIES SERVICES E-PORTAL ON TUESDAY, 24 AUGUST 2021 AT 10.00 A.M.

SPECIAL BUSINESS

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

Ordinary Resolution

Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT")

THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("SAMEE Group") to enter into recurrent related party transactions of a revenue or trading nature as specified in **Section 2.5** of the Circular to Shareholders dated **26 July 2021** which transactions are necessary for the day-to-day operations in the ordinary course of business of SAMEE Group on terms not more favourable to the related parties than those generally available to the public or unrelated third parties and are not to the detriment of the minority shareholders of the Company and the shareholders mandate is subject to annual renewal and disclosure being made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:-

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

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the RRPT.

