

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in doubt as to 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 to Shareholders (“Circular”) prior to its issuance as it is an exempt document pursuant to the provisions of Practice Note 18 of Main Market Listing Requirements of Bursa Securities.

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**WANG-ZHENG BERHAD**  
**(Registration No. 200301009817 (612237-K))**  
**(Incorporated in Malaysia)**

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- I. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”); AND**
- II. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY (“PROPOSED SHARE BUY-BACK”)**

The above proposals will be tabled as Special Business at the Nineteenth (19<sup>th</sup>) Annual General Meeting (“AGM”) of Wang-Zheng Berhad (“WZB” or “the Company”) will be conducted by way of virtual meeting entirely through live streaming from the Main Venue at No. 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor, Malaysia on Thursday, 26 May 2022 at 11.00 a.m. The notice of the AGM together with the Form of Proxy are enclosed in the 2021 Annual Report of the Company for the financial year ended 31 December 2021.

The Form of Proxy should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at the Poll Administrator of the Company, situated at 54B Jalan Lumut, Damai Complex, 50400 Kuala Lumpur, W.P. Kuala Lumpur not less than 48 hours before the time stipulated for holding the meeting. The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy	:	Tuesday, 24 May 2022 at 11.00 a.m.
Date and time of Nineteenth (19 <sup>th</sup> ) Annual General Meeting	:	Thursday, 26 May 2022 at 11.00 a.m.

*This Circular is dated 27 April 2022*

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## **DEFINITIONS**

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

“Act”	:	The Companies Act, 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
“AGM”	:	Annual General Meeting
“Audit Committee”	:	The Audit Committee of WZB
“Board”	:	The Board of Directors of WZB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CDS”	:	Central Depository System
“CCI”	:	Carefeel Cotton Industries (M) Sdn Bhd, a wholly-owned subsidiary of WZB
“Circular”	:	Circular to Shareholders in relation to the Proposals
“Code”	:	The Malaysian Code on Take-Overs and Mergers 2016, including any amendments thereto that may be made from time to time
“Constitution”	:	Constitution of WZB
“Director”	:	Shall have the same meaning given in Section 2(1) of the 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 or a chief executive of WZB or any other company which is a subsidiary of WZB or a holding of WZB
“EPS”	:	Earnings per Share
“Hengan”	:	Hengan International Group Company Limited
“Hengan Group”	:	Hengan and its subsidiary
“LPD”	:	31 March 2022, being the latest practicable date prior to the printing of this Circular
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time.
“Major Shareholder(s)”	:	Means a person who has an interest or interests in one or more voting shares in a company and the number or aggregate number of those shares, is:  (a) 10% or more of total number of voting shares in the Company; or

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**DEFINITIONS (CONT'D)**

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- “Major Shareholder(s)” (Cont’d) : (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company, 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, such major shareholder of the company or any other company which is its subsidiary or holding company
- For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
- “Market Day” : A day which Bursa Securities is open for the trading of securities
- “NA” : Net assets attributable to ordinary equity holders of WZB
- “Person Connected” : Pursuant to Paragraph 1.01 of the Listing Requirements, a person connected in relation to a Director or Major Shareholder is a person who falls under any one of the following categories:
- (a) a family member of the Director or Major Shareholder which shall include the spouse, parent, child (including adopted child and stepchild), brother, sister, and the spouse of the child (including adopted child and stepchild), brother or sister;
  - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;
  - (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
  - (d) a person, or the body corporate or its directors 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;
  - (e) a person, or the body corporate or its directors, 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 in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate;
  - (g) a body corporate which is a related corporation.

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**DEFINITIONS (CONT'D)**

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“Proposed Shareholders’ Mandate”	:	Proposed renewal of existing Shareholders’ mandate for WZB Group to enter into RRPT(s) of a revenue or trading nature
“Proposed Share Buy-Back ”	:	Proposed renewal of the authority for the purchase by WZB of up to ten percent (10%) of the issued share capital of the Company
“Proposals”	:	Proposed Shareholders’ Mandate and Proposed Renewal of Share Buy-Back Authority, collectively
“Purchased WZB Shares”	:	Shares purchased by WZB pursuant to Section 127 of the Act
“Related Party(ies)”	:	Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of WZB
“RRPT(s)”	:	A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Shareholders”	:	Shareholders of WZB
“SC”	:	Securities Commission Malaysia
“Substantial Shareholder(s)”	:	A person who has interest or interests in one or more voting Shares in the Company and the number or the aggregate number of such shares, is not less than five percent (5%) of the total number of all the voting Shares in the Company
“Tax”	:	Goods and Services Tax or Sales and Services Tax, whichever is applicable
“WZB” or “the Company”	:	Wang-Zheng Berhad
“WZB Group” or “the Group”	:	WZB and its subsidiaries
“WZB Share(s)” or “Share(s)”	:	Ordinary Shares in WZB
“2021 Annual Report”	:	Annual Report of WZB issued for the financial year ended 31 December 2021

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

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 a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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**WANG-ZHENG BERHAD**  
**(Registration No. 200301009817 (612237-K))**  
(Incorporated in Malaysia)

**Registered Office**  
Level 5, Block B,  
Dataran PHB, Saujana Resort,  
Section U2,  
40150 Shah Alam, Selangor

27 April 2022

**Board of Directors**

Hui Lin Chit	<i>(Non-Independent Non-Executive Chairman)</i>
Goh Kheng Jiu	<i>(Managing Director, Chief Executive Officer)</i>
Hui Ching Chi	<i>(Executive Director)</i>
Li Wai Leung	<i>(Executive Director)</i>
Wong Pui Wai Nancy	<i>(Executive Director)</i>
Sze Man Bok	<i>(Non-Independent Non-Executive Director)</i>
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	<i>(Senior Independent Non-Executive Director)</i>
Loo Choo Hong	<i>(Independent Non-Executive Director)</i>
Ch'ng Eng Hing	<i>(Independent Non-Executive Director)</i>
Low Yu Keat	<i>(Independent Non-Executive Director)</i>

**To : The Shareholders of Wang-Zheng Berhad**

Dear Sir/Madam,

- I. PROPOSED SHAREHOLDERS' MANDATE**
- II. PROPOSED SHARE BUY-BACK**

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**1. INTRODUCTION**

- 1.1** At the AGM of the Company held on 23 June 2021, the Company sought and obtained approval from its shareholders the general mandate for WZB Group to enter into RRPT(s) of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for WZB Group's day today operations. The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Nineteenth (19th) AGM of the Company unless authority for its renewal is obtained from the Shareholders.

On 13 April 2022, the Board had announced that WZB proposed to seek its shareholders' approval for the renewal of the existing shareholders' mandate for RRPT(s) pursuant to Paragraph 10.09 of the Listing Requirements.

- 1.2** At the AGM of the Company held on 23 June 2021, the Company sought and obtained the approval of its shareholders to purchase up to ten percent (10%) of the total number of issued shares of the Company at any point in time. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion of the forthcoming AGM unless such authority is renewed by an ordinary resolution passed at the general meeting.

On 13 April 2022, the Board had announced that WZB proposed to seek the approval of its shareholders for the renewal of the Company's authority to purchase up to ten percent (10%) of the total number of issued shares of WZB. The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Circular is to provide you with the relevant information of the Proposals and to seek your approval on the resolutions pertaining to the Proposals to be tabled at the forthcoming AGM, which will be conducted by way of virtual meeting entirely through live streaming from the Main Venue at No. 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor, Malaysia on Thursday, 26 May 2022 at 11.00 a.m. The notice of the AGM together with the Form of Proxy are enclosed in the Annual Report 2021 of the Company for the financial year ended 31 December 2021.

**SHAREHOLDERS OF WZB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING AGM.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Shareholders' Mandate**

#### **2.1.1 The Listing Requirements**

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPT(s) 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(ies) 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 the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued share capital of RM60.0 million and above :
  - (i) the consideration, value of the assets, capital outlay or costs of the RRPT(s) is RM1.0 million or more; or
  - (ii) the percentage ratio of such RRPT(s) is one percent (1%) or more,

whichever is the higher.

- (c) the listed issuers' circular to shareholders for the shareholder 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;
- (d) in a meeting to obtain shareholders' mandate, the interested Directors, interested Major Shareholders or interested Person Connected with a Director or Major Shareholder; and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Directors or Major Shareholder, must not vote on the resolution to approve the RRPT(s). An interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the RRPT(s); and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT(s) entered into by the listed issuer, exceeds the estimated value of the RRPT(s) disclosed in the circular by ten percent (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Details of the RRPT(s) entered by WZB Group with the Related Parties are set out in the Section 2.1.4 below.

### 2.1.2 Principal Activities of WZB Group

The principal activity of WZB is investment holding while its subsidiary companies are involved in the manufacturing and processing of fibre-based products, which include disposable diapers, cotton products, sanitary protection, tissue products, and trading of processed papers. The details of WZB's subsidiaries as well as their principal activities as at the LPD are set out in the table below:

Name of company	Effective equity interest (%)	Principal Activities
Carefeel Cotton Industries (M) Sdn Bhd	100	Manufacturing and distributor of facial cotton and other cotton related products
Modern Alpine Sdn Bhd	100	Trading of papers and related products
New Top Win Corporation Sdn Bhd	100	Importing, processing and trading of papers
Quality Hero Corporation Sdn Bhd	100	Manufacture and distributor of adult and baby diapers, sanitary napkins and its related products



<b>Name of company</b>	<b>Effective equity interest (%)</b>	<b>Principal Activities</b>
Wang-Zheng Corporation Sdn Bhd	100	Distributor of disposable fibre-based products
Wonderful Eden Sdn Bhd	100	Dormant

Due to the diversity of WZB Group, it is anticipated that WZB Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.1.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for the WZB Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.1.4 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders. Such mandate will enable the Group to enter into the RRPT(s) without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPT(s) will also be subject to the review procedures set out in Section 2.1.5 below.

### **2.1.3 Validity Period of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of WZB following the general meeting at which such shareholders' mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, 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 after the 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 shareholders in general meeting,

whichever is earlier.

Thereafter, approval from shareholders will be sought for the renewal of the Proposed Shareholders' Mandate.

## 2.1.4 Classes of Related Parties and Nature of RRPT(s)

(a) The Proposed Shareholders' Mandate will apply to the transactions with the following Companies:

Related Party	WZB Group - Transacting Party	Nature of Transaction with WZB Group	Estimated aggregate value as disclosed in the Circular to shareholders dated 25 May 2021	Actual value transacted (from date of AGM on 23 June 2021 up to the LPD)	Estimated value of transaction for the period from the forthcoming AGM to the next AGM*	Nature of relationship between WZB Group and the Related Party
Hengan Group	WZB Group	<p>Purchase of raw materials, finished goods and machineries from Hengan Group including but not limited to wood pulp, facial tissue jumbo roll, baby and adult diaper, sanitary napkin, tissue products, diaper machine and its accessories, etc.<sup>1</sup></p> <p>Sales of raw materials and finished goods to Hengan Group including but not limited to super absorbent polymer, baby and adult diaper, sanitary napkin, tissue products, cotton products, etc.<sup>1</sup></p>	RM60,000,000	RM7,247,960	RM60,000,000	<ul style="list-style-type: none"> <li>Hengan is a Major Shareholder of WZB with a shareholding of 57.30%.</li> <li>Sze Man Bok is the Chairman and shareholder of Hengan with a shareholding of 20.15%.</li> <li>Hui Lin Chit is the Deputy Chairman and Chief Executive Officer of Hengan Group and shareholder of Hengan with a shareholding of 22.48%.</li> <li>Hui Ching Chi is a director and shareholder of Hengan with a shareholding of 0.01%.</li> <li>Li Wai Leung is a director of Hengan.</li> <li>Hui Lin Chit, Hui Ching Chi and Sze Man Bok are the Directors of WZB and deemed as Major Shareholders of WZB.</li> <li>Li Wai Leung is the Director of WZB.</li> </ul>

### Notes on Nature of Transaction:

- Purchase and sell of raw materials, finished goods, machineries and accessories between Hengan Group and WZB Group based on prevailing market price.
- \* The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may vary from the estimated value disclosed above and subject to changes.

### **2.1.5 Review Methods or Procedures for the Recurrent Related Party Transactions**

WZB Group has established various methods and procedures to ensure the RRPT(s) are undertaken on arms' length and on normal commercial terms, which are consistent with WZB Group's usual business practices and policies, on terms which are not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows:

- (i) the Related Parties, interested Directors and Persons Connected will be advised that they are subject to the shareholders' mandate and will also be advised of the review and disclosure procedures;
- (ii) the transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) the management of the WZB Group are cognisant that, as in the past, all RRPT(s) are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (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 produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPT(s) are not detrimental to the WZB Group;
- (v) where RRPT(s) is one with a value equal to or in excess of RM1.0 million, it will be reviewed and approved by the Audit Committee or Directors of the Company who has no interest in the transaction. Where the RRPT(s) is one with a value below RM1.0 million, it will be reviewed and approved by the Group Chief Executive Officer/Managing Director or Executive Director or the Board;

- (vi) records will be maintained by the respective companies to capture all RRPT(s) which are entered pursuant to the shareholders' mandate;
- (vii) the annual internal audit plan shall incorporate a review of all RRPT(s) entered into pursuant to the shareholders' mandate to ensure that relevant approvals are obtained and the procedures in respect of such transactions are adhered to;
- (viii) the Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPT(s) have been complied with; and
- (ix) the Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

#### **2.1.6 Amount Due and Owing Under Recurrent Related Party Transactions**

As at the financial year ended 31 December 2021 there is no amount due and owing to WZB Group which has exceeded the credit term given arising from the RRPT(s) as per Section 2.1.4.

#### **2.1.7 Statement by Audit Committee**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPT(s) are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPT(s) have been complied with. If it is determined that the procedures stated in Section 2.1.5 are inadequate to ensure that (i) the RRPT(s) will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.1.5 above and is of the view that WZB has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner and is of the opinion that review procedures are satisfactory and the RRPT(s) will be carried out at arms' length and in accordance with WZB Group's normal commercial terms, and hence, will not be prejudicial to the shareholders or disadvantageous to WZB and not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of WZB. The review of these procedures and processes is carried out at least once a year or when deemed necessary by the Audit Committee.

### **2.1.8 Disclosure of Recurrent Related Party Transactions in Annual Report**

Disclosure will be made in the annual report of the Company in accordance with Paragraph 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 based on the following information:

- (a) the type of the RRPT(s) made; and
- (b) the names of the Related Parties involved in each type of the RRPT(s) made and their relationships with WZB Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate had been obtained.

## **2.2 Proposed Share Buy-Back**

### **2.2.1 Details of the Proposed Share Buy-Back**

In accordance with Section 127 of the Act, the Company's Constitution, the Listing Requirements and any prevailing laws, rules, regulations, orders guidelines and requirements issued by the relevant authorities at the time of the purchase, the Company is allowed to purchase its own Shares on Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

The Board is proposing to seek the shareholders' approval for the renewal of the authority for WZB to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the total number of issued shares at any point in time.

### **2.2.2 Maximum number or percentage of WZB Shares to be acquired**

For illustrative purposes, as at LPD, the number of issued share capital of WZB stood at 160,000,000 ordinary shares and 1,418,900 Shares are held as treasury shares. Assuming no further WZB Shares are issued, the maximum number of shares that can be purchased pursuant to the Proposed Share Buy-Back is 16,000,000 WZB Shares, which would include the 1,418,900 Shares already held as treasury shares.

### **2.2.3 Duration of the Proposed Share Buy-Back**

The Proposed Share Buy-Back, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless renewed by an ordinary resolution passed at the general meeting, 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 of the Company in general meeting,

whichever occurs first.

The Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

#### **2.2.4 Maximum Amount of Funds to be Allocated and the Source of Funds**

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits based on the latest annual audited financial statements and/or the latest management accounts (where applicable) of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the amount stated in the retained profits of the Company. The details of the retained profits of WZB are as follows:

	<b>Retained Profits (RM)</b>
Audited financial statement as at 31 December 2021	110,247,177

The Proposed Share Buy-Back will be funded by internally generated funds and/or external borrowings or a combination of both. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of WZB Shares to be purchased and other relevant factors.

The actual number of WZB Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Share Buy-Back is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy- Back.

#### **2.2.5 Treatment of the Purchased WZB Shares**

The Purchased WZB Shares will be dealt by the Board in accordance with Section 127(4) of the Act, in the following manner:

- (i) cancel the WZB Shares so purchased; or

- (ii) retain the WZB Shares so purchased as treasury shares which may be distributed as share dividends to the shareholders of WZB and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of items (i) and (ii) above.

Accordingly, based on Section 127(7) of the Act, where such Purchased WZB Shares are held as treasury shares, the Board may, at their discretion:

- (i) distribute the Purchased WZB Shares as dividends to WZB shareholders, such dividends to be known as “share dividends”;
- (ii) resell the Purchased WZB Shares or any of the Purchased WZB Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Purchased WZB Shares or any of the Purchased WZB Shares for the purpose of or under an employees’ share scheme;
- (iv) transfer the Purchased WZB Shares or any of the Purchased WZB Shares as purchase consideration;
- (v) cancel the Purchased WZB Shares or any of the Purchased WZB Shares; or
- (vi) sell, transfer or otherwise use the Purchased WZB Shares for such other purposes as the Minister charged with the responsibility for companies (as set out in the Act) may by order prescribe.

Pursuant to Section 127(8) and 127(9) of the Act, if such Purchased WZB Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the Purchased WZB Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

The decision whether to retain the Purchased WZB Shares as treasury shares, or to cancel the Purchased WZB Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of Shares as well as any resale or cancellation of the Purchased WZB Shares or a combination of both.

#### **2.2.6 Purchase/ Resale Price**

Pursuant to Paragraph 12.17 of the Listing Requirements, WZB may only purchase WZB Shares at a price which is not more than fifteen percent (15%) above the weighted average share price for the five (5) Market Days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, WZB may only resell or transfer the Purchased WZB Shares held as treasury shares at a price which is:

- (a) not less than the weighted average share price of WZB Shares for the five (5) Market Days immediately prior to the resale; or
- (b) at a discount of not more than 5% to the weighted average share price of WZB Shares for the five (5) Market Days immediately prior to the date of resale or transfer provided that:
  - (i) the resale or transfer takes place no earlier than 30 days from the date of the purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

The proposed purchase of WZB's own Shares and/or resale of the Purchased WZB Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. WZB shall ensure that all dealing(s) in its own Shares/Purchased WZB Shares are made through stock broker(s) appointed by WZB.

#### **2.2.7 Potential Advantages and Disadvantages of the Proposed Share Buy-Back**

The potential advantages of the Proposed Share Buy-Back to the Company and its Shareholders, are as follows:

- (a) The Proposed Share Buy-Back would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.
- (b) The Proposed Share Buy-Back will also provide the Company with opportunities for potential gains if the Purchased WZB Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the Purchased WZB Shares retained as treasury shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Share Buy-Back may also stabilise the supply and demand of WZB Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of WZB Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its Shareholders, are as follows:

- (a) The Proposed Share Buy-Back if implemented is expected to temporarily reduce the immediate financial resources of WZB Group.
- (b) The Proposed Share Buy-Back may also result in the Group foregoing better investment opportunities which may



emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.

- (c) The Proposed Share Buy-Back may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

### **2.2.8 Public Shareholding Spread of WZB**

The Proposed Share Buy-Back is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities (“Prevailing Law”) 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 31 March 2022, the public shareholding spread of the Company was approximately 37.38% (excluding treasury shares). Assuming the Proposed Share Buy-Back is carried out in full, and the number of WZB Shares held by the Substantial Shareholders, Directors and Persons Connected to the Substantial Shareholders and/or Directors remain unchanged and all the WZB Shares so purchased are cancelled, the public shareholding spread of the Company would reduce to approximately 38.27%. The Board will endeavor to ensure that the Proposed Renewal of Share Buy-Back Authority will be in accordance with the Prevailing Law at the time of the purchase including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements.

### **2.2.9 Implication Relating to the Code**

Pursuant to the Code, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining WZB Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the parties acting in concern complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Share Buy-Back.

### **2.2.10 Purchase, Resale and Cancellation of Shares Made in Previous Twelve (12) Months**

There were no purchase, resale and cancellation of shares made by WZB in the previous twelve (12) months preceding the date of this Circular. As at LPD, 1,418,900 WZB Shares are held by WZB as treasury shares.

## **3. RATIONALE FOR THE PROPOSALS**

### **3.1 Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate will enable the WZB Group to carry out RRPT(s) necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channeled towards attaining other corporate objectives.

The RRPT(s) carried out within the WZB's Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, WZB Group has a long standing business relationship with the Related Parties. The Board of WZB is of the view that the close co-operation and strong working relationship that exist between WZB Group and the Related Parties have over the years enabled WZB Group to benefit from better services and attention that would otherwise be derived from third parties. These close relationships have allowed for better control of supplies, quality and timeliness of completion of work done/services rendered.

### **3.2 Proposed Share Buy-Back**

The implementation of the Proposed Share Buy-Back is envisaged to benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the WZB Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the EPS of WZB Shares and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased WZB Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased WZB Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward; and
- (v) the financial resources of the Company will increase if the Purchased WZB Shares held as treasury shares are resold at prices higher than the purchase price.

## 4. EFFECTS OF THE PROPOSALS

### 4.1 Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, EPS and the shareholdings of the substantial shareholders of WZB.

### 4.2 Proposed Share Buy-Back

The effects of the Proposed Share Buy-Back on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

#### 4.2.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased WZB Shares are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in a reduction of the issued share capital of the Company if the Purchased WZB Shares are cancelled.

Based on the Company's issued share capital as at LPD, the effect of the Proposed Share Buy-Back, assuming that the Purchased WZB Shares will be cancelled, are as follows:

	<b>No. of Shares</b>
Total number of WZB Shares as at LPD	160,000,000*
Less :	
Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority (assuming all Purchased WZB Shares are fully cancelled)	(16,000,000)*
<b>Resultant number of WZB shares</b>	<b>144,000,000</b>

*\* Including a total of 1,418,900 WZB Shares bought back by WZB and retained as treasury shares*

However, the Proposed Share Buy-Back will have no effect on the issued share capital of the Company if all the Purchased WZB Shares are to be retained as treasury shares, resold or distributed to the shareholders.

#### **4.2.2 NA and gearing**

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of WZB Group will decrease if the cost per Share purchased exceeds the NA per Share of WZB Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of WZB Group at the relevant point in time, the NA per Share of WZB Group will increase.

In the case where the Purchased WZB Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of WZB Group upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of WZB Group will decrease by the cost of the treasury shares at the point of purchase.

#### **4.2.3 Working Capital**

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of WZB Group, the quantum of which depends on, amongst others, the number of WZB Shares purchased and the purchase price(s) of the WZB Shares.

For WZB Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

#### **4.2.4 Earnings and EPS**

The effects of the Proposed Share Buy-Back on the earnings of WZB Group are dependent on the number WZB Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to WZB Group if internally generated funds are utilised. Further, the purchase of the WZB Shares will result in a lower number of Shares being taken into account for purposes of EPS computation.

#### **4.2.5 Dividends**

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have an effect of increasing the dividend rate per ordinary share of the Company as a result of the reduction in the issued share capital of the Company.

#### 4.2.6 Directors' and Substantial Shareholders' Shareholdings

For illustration purposes only, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and the Substantial Shareholders of WZB based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Share Buy-Back is undertaken in full by WZB, are as follows:

##### (a) **Directors of WZB**

No.	Director	As at the LPD <sup>(a)</sup>				After the Proposed Share Buy-Back <sup>(b)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Hui Lin Chit	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
2.	Goh Kheng Jiu	2,042,722	1.29	5,751,479	3.63 <sup>(d)</sup>	2,042,722	1.42	5,751,479	3.99 <sup>(d)</sup>
3.	Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	5,000	0.00	-	-	5,000	0.00	-	-
4.	Sze Man Bok	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
5.	Hui Ching Chi	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
6.	Li Wai Leung	-	-	-	-	-	-	-	-
7.	Wong Pui Wai Nancy	-	-	-	-	-	-	-	-
8.	Loo Choo Hong	10,000	0.01	-	-	10,000	0.01	-	-
9.	Ch'ng Eng Hing	20,000	0.01	-	-	20,000	0.01	-	-
10.	Low Yu Keat	70,000	0.04	-	-	70,000	0.05	-	-

**(b) Substantial Shareholders of WZB**

No.	Substantial Shareholders	As at the LPD <sup>(a)</sup>				After the Proposed Share Buy-Back <sup>(b)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Hengan (Malaysia) Investments Company Limited	90,862,933	57.30	-	-	90,862,933	63.10	-	-
2.	Hui Lin Chit	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
3.	Hui Ching Chi	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
4.	An Ping Holdings Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
5.	An Ping Investments Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
6.	Credit Suisse Trust Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
7.	Hengan International Group Company Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
8.	Hengan Mega Jumbo Investments Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
9.	Tin Wing Holdings Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
10.	Sze Man Bok	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>
11.	Tin Lee Investments Limited	-	-	90,862,933	57.30 <sup>(c)</sup>	-	-	90,862,933	63.10 <sup>(c)</sup>

Notes:

- (a) Excluding a total of 1,418,900 Shares bought-back by the Company and retained as treasury shares as at LPD.  
(b) Assuming the maximum of 16,000,000 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back.  
(c) Deemed interested in the shares held by Hengan (Malaysia) Investments Company Limited pursuant to Section 8 of the Act.  
(d) Deemed interested in the shares held by his spouse, brother-in-law and Wang-Zheng Resources Sdn Bhd pursuant to Section 8 the Act.

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

### 5.1. Proposed Shareholders' Mandate

As at LPD, the direct and indirect interests of the Directors and/or Major Shareholders of WZB who are interested and/or do not consider themselves independent in the RRPT(s) are as follows:

Interested Directors	Direct		Indirect	
	No. of Shares	% <sup>(a)</sup>	No. of Shares	% <sup>(a)</sup>
Hui Lin Chit	-	-	90,862,933	57.30 <sup>(b)</sup>
Hui Ching Chi	-	-	90,862,933	57.30 <sup>(b)</sup>
Sze Man Bok	-	-	-	-
Li Wai Leung	-	-	-	-

Interested Major Shareholders	Direct		Indirect	
	No. of Shares	% <sup>(a)</sup>	No. of Shares	% <sup>(a)</sup>
Hengan (Malaysia) Investments Company Limited	90,862,933	57.30	-	-
Hui Lin Chit	-	-	90,862,933	57.30 <sup>(b)</sup>
Hui Ching Chi	-	-	90,862,933	57.30 <sup>(b)</sup>
An Ping Holdings Limited	-	-	90,862,933	57.30 <sup>(b)</sup>
An Ping Investments Limited	-	-	90,862,933	57.30 <sup>(b)</sup>
Credit Suisse Trust Limited	-	-	90,862,933	57.30 <sup>(b)</sup>
Hengan International Group Company Limited	-	-	90,862,933	57.30 <sup>(b)</sup>
Hengan Mega Jumbo Investments Limited	-	-	90,862,933	57.30 <sup>(b)</sup>
Tin Wing Holdings Limited	-	-	90,862,933	57.30 <sup>(b)</sup>
Sze Man Bok	-	-	90,862,933	57.30 <sup>(b)</sup>
Tin Lee Investments Limited	-	-	90,862,933	57.30 <sup>(b)</sup>

Notes:

<sup>(a)</sup> Excluding a total of 1,418,900 Shares bought-back by the Company and retained as treasury shares as at LPD.

<sup>(b)</sup> Deemed interested in the shares held by Hengan (Malaysia) Investments Company Limited pursuant to Section 8 of the Act

Accordingly, the Interested Directors have and will continue to abstain from all deliberations and voting on matters relating to the Proposed Shareholders' Mandate at Board meetings and will abstain from voting in respect of their direct and/or indirect shareholdings in WZB at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in WZB at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The above Interested Directors and Interested Major Shareholders have undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders or Persons Connected with a Director or Major Shareholders have any interest, directly or indirectly in the Proposed Shareholders' Mandate.

## 5.2 Proposed Share Buy-Back

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back, none of the Directors and Major Shareholders of the Company and/or Persons Connected with them have any interests, direct or indirect, in the proposed purchase of shares or resale of treasury shares, if any in the future.

## 6. APPROVALS REQUIRED

The Proposals are conditional upon the approval of the Shareholders of the Company being obtained at the forthcoming AGM to be convened.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of WZB Shares traded on Bursa Securities for the past twelve (12) months from April 2021 to March 2022 are as follows:

<b><u>2021</u></b>	<b><u>Highest (RM)</u></b>	<b><u>Lowest (RM)</u></b>
April	0.880	0.810
May	0.880	0.800
June	0.880	0.820
July	0.845	0.790
August	0.830	0.750
September	0.850	0.785
October	0.835	0.780
November	0.830	0.790
December	0.850	0.725
<b><u>2022</u></b>	<b><u>Highest (RM)</u></b>	<b><u>Lowest (RM)</u></b>
January	0.825	0.720
February	0.795	0.750
March	0.710	0.795

The last transacted price of WZB Shares on 31 March 2022, being the LPD, was RM0.795.

(Source: [https://www.bursamalaysia.com/trade/trading\\_resources/listing\\_directory/company-profile?stock\\_code=7203](https://www.bursamalaysia.com/trade/trading_resources/listing_directory/company-profile?stock_code=7203))



## **8. DIRECTORS' RECOMMENDATION**

### **8.1 Proposed Shareholders' Mandate**

The Directors of WZB (save for Hui Lin Chit, Hui Ching Chi, Sze Man Bok and Li Wai Leung) having considered all aspects of the Proposed Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, the Board (save for Hui Lin Chit, Hui Ching Chi, Sze Man Bok and Li Wai Leung) recommended that the shareholders of WZB vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

### **8.2 Proposed Share Buy-Back**

The Board after having considered all aspects of the Proposed Share Buy- Back is of the opinion that the Proposed Share Buy- Back is fair, reasonable and in the best interests of the Company and accordingly recommended that the shareholders of WZB vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

## **9. ANNUAL GENERAL MEETING**

The resolutions to vote on the Proposals are set out in the Notice of AGM contained in 2021 Annual Report of the Company. The Nineteenth (19<sup>th</sup>) AGM will be conducted by way of virtual meeting entirely through live streaming from the Main Venue at No. 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor, Malaysia on Thursday, 26 May 2022 at 11.00 a.m., for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposals.

If you are unable to participate at our forthcoming Nineteenth (19<sup>th</sup>) AGM, you may complete, sign and return the Form of Proxy enclosed in the Annual Report 2021 in accordance with the instructions therein as soon as possible so as to arrive at our Poll Administrator, 54B Jalan Lumut, Damai Complex, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time set for our Nineteenth (19<sup>th</sup>) AGM or any adjournment thereof.

## **10. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of  
**WANG-ZHENG BERHAD**

**GOH KHENG JIU**  
*Managing Director, Chief Executive Officer*

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## APPENDIX I – FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of WZB who individually and collectively 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 are no other facts the omission of which would make any statement herein misleading or incorrect.

### 2. MATERIAL CONTRACTS

WZB and its subsidiaries have not entered into any material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular.

### 3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

The Board has confirmed that as at the LPD, neither WZB nor its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board has no knowledge of any proceeding pending or threatened against WZB Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the WZB Group.

### 4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred which may have a material impact on the profits or NA of WZB Group upon becoming enforceable:

#### (i) Contingent Liabilities

	<b>RM</b>
Corporate guarantees for credit facilities granted to subsidiaries	161,936,000
Banker guarantees in favour of the local authorities	390,000
<b>Total</b>	<b><u>162,326,000</u></b>

#### (ii) Material Commitments

	<b>RM</b>
Acquisition of property, plant and equipment	Nil

## **5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection by the shareholders of WZB at the Registered Office of WZB at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) The Constitution of WZB;
- (ii) The audited financial statements of WZB Group for the past two (2) financial years ended 31 December 2020 and 2021; and
- (iii) The unaudited consolidated financial results of WZB for the quarter ended 31 December 2021.

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**EXTRACT OF THE NOTICE OF NINETEENTH (19<sup>th</sup>) AGM**

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**WANG-ZHENG BERHAD**  
**(Registration No. 200301009817 (612237-K))**  
**(Incorporated in Malaysia)**

**EXTRACT OF THE NOTICE OF NINETEENTH (19<sup>th</sup>) ANNUAL GENERAL MEETING**

7.	<p><b>PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")</b></p> <p>"THAT subject always to the provisions of the Companies Act 2016 (the "Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") or other regulatory authorities, approval be and is hereby given to the Company and/or subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.1.4 of the Circular to Shareholders of the Company dated 27 April 2022, involving the interests of directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed in Section 2.1.4 of the Circular to Shareholders of the Company dated 27 April 2022, provided that such arrangements and/or transactions are:</p> <ul style="list-style-type: none"><li>(i) recurrent transactions of a revenue or trading nature;</li><li>(ii) necessary for day-to-day operations; and</li><li>(iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to be detriment of the minority shareholders of the Company,</li></ul> <p>(the "Shareholders' Mandate").</p> <p>THAT the Shareholders' Mandate shall take effect from this resolution and shall continue to be in force until:</p> <ul style="list-style-type: none"><li>(a) the conclusion of the next annual general meeting of the Company following the general meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or</li><li>(b) the expiration of the period within which the next annual general meeting after the date it 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</li><li>(c) revoked or varied by resolution passed by the shareholders in general meeting,</li></ul> <p>whichever is earlier.</p> <p>AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."</p>	<p><i>Please refer to Explanatory Note 6</i></p>  <p style="text-align: center;"><i>Ordinary Resolution 11</i></p>
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9.	<p><b>PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY (“PROPOSED SHARE BUY-BACK”)</b></p> <p>“THAT subject always to the Act, the provisions of the Constitution of the Company, the MMLR and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase and/or hold such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:</p> <p>(i) the maximum aggregate number of shares which may be purchased and/or held as treasury shares by the Company does not exceed 10% of the total number of issued shares of the Company at any point in time;</p> <p>(ii) the maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company’s retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back; and</p> <p>(iii) the shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resell on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and MMLR from time to time.</p> <p>THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:</p> <p>(a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or</p> <p>(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or</p> <p>(c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;</p> <p>whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.</p> <p>AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company”.</p>	<p><i>(Please refer to Explanatory Note 8)</i></p> <p><b>Ordinary Resolution 13</b></p>
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