

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad 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 due to your reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the proposals as set out in this Circular.

In line with the provisions of Practice Note 18 of Bursa Securities Main Market Listing Requirements on Perusal of Draft Circulars and Other Documents, Bursa Malaysia Securities Berhad has not perused the contents of the Circular in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and proposed renewal of authority for the company to purchase its own ordinary shares of up to 10% of the issued share capital of this circular as this transaction falls under the category of exempt circular as outlined in the aforesaid practice note.



GUAN CHONG BERHAD

Registration No.: 200401007722 (646226-K)
(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

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

AND

**STATEMENT TO SHAREHOLDERS IN RELATION TO
THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN ORDINARY SHARES**

The Notice of the Twentieth Annual General Meeting ("AGM") of the Company to be held at Praline & Truffle, ibis Styles Johor Iskandar Puteri, 1 Nusa Sentrum Complex, Jalan SiLC 2/9, SiLC Industrial Park, 79200 Iskandar Puteri, Johor on Monday, 27 May 2024 at 11.00 a.m. or at adjournment thereof, together with the Form of Proxy, are enclosed in the Annual Report 2023 of the Company.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Form of Proxy should be lodged at the Share Registrar of the Company at 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or lodged electronically via Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> not later than forty-eight (48) hours before the time set for the AGM or any adjournment thereof as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Saturday, 25 May 2024, 11:00 a.m.
Day, Date and time of the AGM : Monday, 27 May 2024, 11:00 a.m.

This Circular is dated 26 April 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this application:

“ACI”	:	PT. Asia Cocoa Indonesia (33.10.1.10.08488)
“Act”	:	The Companies Act 2016 (as amended from time to time and any re-enactment thereof)
“AGM”	:	Annual general meeting to be convened
“Board”	:	Board of Directors of GCB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Carlyle”	:	Carlyle Cocoa Co., LLC
“Cocoarich”	:	Cocoarich Sdn. Bhd. [200701029942 (787968-H)]
“Code”	:	Malaysian Code on Take-Over and Mergers 2016 as amended from time to time and any re-enactment thereof
“Director(s)”	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and for the purpose of the Proposal, 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 chief executive of GCB, its subsidiary or holding company.
“EM”	:	Enrich Mix Sdn. Bhd. [200201026105 (593768-K)]
“FYE”	:	Financial year ending/ended 31 December
“GCB” or the “Company”	:	Guan Chong Berhad
“GCB Group”	:	GCB and its subsidiaries, collectively
“GCB Share(s)” or “Share(s)”	:	Ordinary share(s) in GCB
“GCBA”	:	GCB America, Inc. (98-0462084)
“GCB Cacao”	:	GCB Cacao GmbH
“GCBCCI”	:	GCB Cocoa Cote D’Ivoire (CI-ABJ-2018-B-03326)
“GCBCE”	:	GCB Cocoa Europe B.V. (862540136)
“GCB CI”	:	PT. GCB Cocoa Indonesia (30.06.1.46.08154)
“GCB CM”	:	GCB Cocoa Malaysia Sdn. Bhd. [199001006523 (198093-M)]
“GCB CS”	:	GCB Cocoa Singapore Pte Ltd (201009152K)
“GCB CTI”	:	GCB Cocoa Trading Cote D’Ivoire(CI-ABJ-03-2021-B14-00069)
“GCB CUK”	:	GCB Cocoa UK Limited (12730539)
“GCB F”	:	GCB Foods Sdn. Bhd. [200601026686 (746441-K)]
“GCB M”	:	GCB Marketing Sdn. Bhd. [200701018532 (776543-V)]

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“GCBOHC”	:	GCB Oversea Holdings Corporation (LL06562)
“GCBUKP”	:	GCB UK Property Limited (14434563)
“GCCM”	:	Guan Chong Cocoa Manufacturer Sdn. Bhd. [198501000614 (133057-U)]
“GCT”	:	Guan Chong Trading Sdn. Bhd. [198401011500 (124042-P)]
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities (as amended from time to time)
“LPD”	:	1 April 2024, being the latest practicable date prior to the printing of this Circular
“Major Shareholder(s)”	:	<p>Includes any person who is or was, within the preceding 6 months of the date on which the terms of the Recurrent Related Party Transactions were agreed upon, a major shareholder of GCB or any other corporation which is its subsidiary or holding company.</p> <p>A major shareholder means a person who has an interest or interests in one (1) or more voting shares in GCB and the number or aggregate number of those shares, is:</p> <ul style="list-style-type: none">(i) 10% or more of the total number of voting shares in GCB; or(ii) 5% or more of the total number of voting shares in GCB where such person is the largest shareholder of GCB. <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.</p>
“Market Day”	:	Any day from Monday to Friday (both inclusive) which Bursa Securities is open for trading of securities
“NA”		Net assets
“Person(s) Connected”	:	<p>In relation to a Director or a Major Shareholder, means such person who falls under any 1 of the following categories:-</p> <ul style="list-style-type: none">(a) a family member of the Director’s or Major Shareholder’s which includes spouse, parent, child (including adopted child and stepchild), brother, sister and spouse of his child, 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 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;

DEFINITIONS

	(h) a body corporate in which the Director, Major Shareholder and/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.
“Proposed Shareholders’ Mandate”	: Proposed renewal and/or variations to the scope of the shareholders’ mandate for the existing RRPT to be entered into by the GCB Group from the date of the forthcoming AGM up to the next AGM of the Company
“Proposed Renewal of Authority”	: The proposed renewal of authority for GCB to purchase its own ordinary shares of up to 10% of the issued share capital of the Company
“Purchased Share(s)”	: Share(s) purchased pursuant to the Proposed Renewal of Authority
“Recurrent Related Party Transactions” or “RRPT”	: Recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations and in the ordinary course of business of GCB Group and are on terms not more favourable to the Related Parties than those generally available to the public.
“Registered Office”	: No. 7 (1st Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor
“Related Party(ies)”	: A Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s) (as defined in the Listing Requirements)
“Related Party Transactions”	: Transaction(s) entered into by GCB or its subsidiaries which involves the interest, direct or indirect, of a Related Party
“RM and sen”	: Ringgit Malaysia and sen, respectively
“SMC”	: SMC Food21 (Malaysia) Sdn. Bhd. [201201016887 (1002398-D)]
“SCHOKINAG”	: Schokinag Holding GmbH (HRB 724153)
“SSIG”	: Schokinag-Schokolade-Industries GmbH (HRB 724205)
“SVG”	: Schokinag Verwaltungs GmbH (HRB 724163)

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

All references to the time of day in this Circular are references to Malaysian time.

All references to “you” in this Circular are to the shareholders of the Company.

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GUAN CHONG BERHAD

Registration No.: 200401007722 (646226-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri, 84000, Muar
Johor Darul Takzim

26 April 2024

Directors:

Ang Nyee Nyee	<i>(Independent Non-Executive Chairman)</i>
Tay Hoe Lian	<i>(Managing Director/ Chief Executive Officer)</i>
Tay How Sik @ Tay How Sick	<i>(Executive Director/ Chief Operating Officer)</i>
Hia Cheng	<i>(Executive Director/ Chief Financial Officer)</i>
Nurulhuda Binti Abd Kadir	<i>(Independent Non-Executive Director)</i>
Ng Kim Hian	<i>(Independent Non-Executive Director)</i>
Tan Pui Suang	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Guan Chong Berhad

Dear Sir / Madam,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the last AGM held on 31 May 2023, the Company renewed its shareholders' mandate for the GCB Group to enter into RRPT. The said shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM of the Company unless authority for its renewal is obtained from the shareholders of the Company at the said AGM.

The Board of Directors had on 15 April 2024 announced to Bursa Securities on its intention to seek the shareholders' mandate for renewal of the existing RRPT in accordance with the Listing Requirements as set out in Section 4 of this Circular.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate, to set out the Board's recommendation and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM of the Company. The Notice of the AGM and the Form of Proxy have been incorporated into the Company's Annual Report 2023, which are being circulated to you together with this Circular.

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

2. PROVISIONS OF 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 Recurrent Related Party Transactions subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted by a listed issuer with an issued share capital of RM60 million and above pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of assets, capital outlay or costs of the aggregated Recurrent Related Party Transactions is equal to or exceeds RM1 million; or
 - (b) any one of the percentage ratios of such aggregated Recurrent Related Party Transactions is equal to or exceeds 1%;

whichever is higher;

- (iii) the issue of a circular to shareholders for the shareholders' mandate containing information as specified in the Listing Requirements together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected; and where it involves the interest of an interested Person Connected, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or Major Shareholder must ensure that persons connected with him are abstained from voting on the resolution approving the transactions; and
- (v) the listed issuer will make immediate announcement to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transactions disclosed in the Circular by 10% or more and must include information as may be prescribed by the Bursa Securities in its announcement.

3. VALIDITY PERIOD

Pursuant to Practice Note 12 of the Listing Requirements, the shareholders' mandate is subject to annual renewal and any authority conferred by the mandate shall only continue to be in force until:

- (a) the conclusion of the next annual general meeting of the listed issuer following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the said annual general meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Act (but must 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.

3. VALIDITY PERIOD (CONT'D)

Where the Company has procured the shareholders' mandate pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply during the period of validity of the shareholders' mandate.

In view of the time-sensitive, confidentiality and frequent nature of such Recurrent Related Party Transactions, the Board of Directors hereby seeks its shareholders' approval for the Proposed Shareholders' Mandate (as set out in Section 4 of this Circular) in order to comply with Paragraph 10.09 of the Listing Requirements.

4. THE RECURRENT RELATED PARTY TRANSACTIONS

4.1 Background information of the GCB Group

GCB is principally an investment holding company whilst the principal activities of its subsidiaries are as follows:-

Subsidiaries	Effective Equity Interest (%)	Principal Activities
GCCM	100.0	Producing cocoa-derived food ingredients
GCT	100.0	Dormant
GCBA	100.0	Investment holding
GCBF	100.0	Manufacture, marketing and promotion of cocoa related products
GCBOHC	100.0	Investment holding
Cocoarich	100.0	Investment holding
GCBCM	100.0	Manufacture of cocoa cake, cocoa butter, cocoa powder, cocoa mass and other related cocoa products
GCBCS	73.9 [#]	Trading of cocoa beans, cocoa derived food ingredients and cocoa products

[#] Both GCB and GCBOHC hold 73.9% and 26.1% equity stakes in GCBCS respectively.

Subsidiary of GCBA

Carlyle	100.0	Manufacture of cocoa ingredients
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Subsidiary of GCBOHC

GCB Cacao	100.0	Dormant
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4.1 Background information of the GCB Group (Cont'd)

Subsidiaries of GCBCS

ACI	90.0 [^]	Manufacture of cocoa butter, cocoa cake and cocoa liquor
GCBCI	90.0 [^]	Trading of cocoa products
GCBCCI	100.0	Processing of cocoa into semi-finished and finished products
SCHOKINAG	100.0	Investment holding
GCBCUK	100.0	Trading of cocoa powder and chocolate and manufacturing of chocolate
GCBCTI	100.0	Trading of cocoa bean
GCBCE	100.0	Trading of cocoa products

[^] Both GCBCS and Cocomilk hold 90% and 10% equity stakes in ACI and GCBCI respectively.

Subsidiaries of SCHOKINAG

SSIG	100.0	Production and sales of chocolate products
SVG	100.0	Property holding company

Subsidiary of GCBCUK

GCBUKP	100.0	Property management company
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Associates of GCB

SMC	20.0	Production of blended cocoa-derived food ingredients
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Subsidiary of SMC

EM	100.0	Production of blended cocoa-derived food ingredients
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The core business of GCB is in the manufacturing of high quality cocoa-derived food ingredients, namely cocoa liquor, cocoa butter, cocoa cake and cocoa powder and cocoa related products as well as cocoa confectionary products, and supported by trading activities of such products.

It is anticipated that the Group would, in the normal course of business, enter into transactions relating to the provision of or the obtaining of products and services to or from the Related Parties as set out in Section 4.2 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

4.2 Nature and Estimated Aggregate value of the Recurrent Related Party Transactions

The Recurrent Related Party Transactions are principally in respect of the following:

(a) Sales to the Related Parties

(i) EM

EM is an indirect associate of GCB by virtue of GCB's direct interest of 20% in SMC, the existing holding company of EM. EM is deemed a Related Party by virtue of the major shareholder, Tay Hoe Lian's direct and indirect interests in the shares of GCB.

The sales to EM from GCB Group are mainly cocoa related products and raw materials, i.e. sugar and powder, which are used for the manufacturing activities of EM.

The sales to EM from GCBCS are mainly cocoa related products and raw materials, i.e. sugar and powder, which are used for the manufacturing activities of EM.

(ii) SMC

SMC is an associate of GCB by virtue of GCB's direct interest of 20% in SMC.

The sales to SMC from GCCM are mainly cocoa related products, i.e. liquor and powder, which are used for the manufacturing activities of SMC as noted in Section 4.1 of this Circular.

The sales to SMC from GCBCS are mainly cocoa related products, i.e. liquor, which are used for the manufacturing activities of SMC.

(b) Purchases from the Related Parties

EM

The purchases from EM by GCBCS are mainly sugar cocoa preparation products and milk preparation products, which are used for the trading activities of GCBCS as noted in Section 4.1 of this Circular.

4.3 Proposed Shareholders' Mandate

a) Sales to the Related Parties

No	Related Party	Company in the GCB Group	Nature of transaction	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted as at LPD (RM'000)	Estimated value for the validity of the Proposed Shareholders' Mandate (RM'000)	Interested Director(s)/ Shareholder(s) and/or Connected Person(s)	Shareholding of Interested Director(s)/ Major Shareholder(s) and/or Person(s) Connected in the Related Parties
1.	EM	GCCM	Sale of cocoa related products by GCCM to EM	15,000	4,042	20,000	Tay Hoe Lian ^(D) Hia Cheng ^(A)	Direct – Nil Indirect - 20% ⁽¹⁾
2.	SMC	GCCM	Sales of cocoa related products by GCCM to SMC	10,000	4,678	15,000	Tay Hoe Lian ^(D) Hia Cheng ^(D)	Direct – Nil Indirect - 20% ⁽¹⁾
3.	EM	GBCBS	Sales of cocoa related products by GBCBS to EM	1,000	-	1,000	Tay Hoe Lian ^(D) Hia Cheng ^(A)	Direct – Nil Indirect - 20% ⁽¹⁾
4.	SMC	GBCBS	Sales of cocoa related products by GBCBS to SMC	10,000	-	10,000	Tay Hoe Lian ^(D) Hia Cheng ^(D)	Direct – Nil Indirect - 20% ⁽¹⁾
			TOTAL	36,000	8,720	46,000		

4.3 Proposed Shareholders' Mandate (Cont'd)

b) Purchases from the Related Parties

No	Related Party	Company in the GCB Group	Nature of transaction	Estimated value disclosed in the preceding year's circular (RM'000)	Actual value transacted as at LPD (RM'000)	Estimated value for the validity of the Proposed Mandate (RM'000)	Interested Major and/or Connected Shareholder(s) or Person(s)	Shareholding of Interested Director(s)/ Major Shareholder(s) and/or Person(s) Connected in the Related Party
1.	EM	GBCBS	Purchase of sugar cocoa preparation products and milk preparation products by GBCBS from EM	3,000	-	3,000	Tay Hoe Lian ^(D) Hia Cheng ^(A)	Direct – Nil Indirect - 20% ⁽¹⁾
			TOTAL	3,000	-	3,000		

Notes:-

(D) Holds a directorship in GCB, which is a Related Party.

(A) Being an alternate to a Director of GCB, which is a Related Party.

(1) Deemed interest by virtue of the major shareholder and Director of GCB, Tay Hoe Lian's direct and/or indirect interests in GCB.

4.4 Amount due from and owing by Related Parties

The breakdown of the principal sum (without interest) for the total outstanding amount due from and owing by Related Parties under the Recurrent Related Party Transactions as per Section 4.3 of this Circular are as below:-

Name of Related Parties	Outstanding amount due from/(owing to) the Related Parties under the Proposed Shareholders' Mandate which has exceeded the credit term for the following periods as at LPD			
	1 year or less*	More than 1 year but equal to or less than 3 years	More than 3 years but equal to or less than 5 years	More than 5 years
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
EM	23	Nil	Nil	Nil
SMC	298	Nil	Nil	Nil

There are no late payment charges imposed on the above overdue trade receivables as the overdue amounts were trade in nature and as a matter of goodwill gesture in view of the active and on-going transactions between the Group and the Related Parties. Our Board is of the view that there will be no recoverability issue on the overdue amounts as the Related Parties have long standing business relationship with the Group and has proven creditworthy debtors based on the historical receipt. In addition, credit control measure has been put in place whereby the Group has constantly followed up with the Related Parties with reminders sent.

4.5 Deviation from Mandate

The actual value of the Recurrent Related Party Transactions did not exceed the estimated value as approved under the previous mandate granted to GCB at the last AGM.

4.6 Rationale

The Proposed Shareholders' Mandate will enable GCB Group to continue to carry out recurrent transactions necessary for the Group's day-to-day operations and enhance the Group's ability to pursue business opportunities which are time-sensitive in nature in a more expeditious manner. They will eliminate the need to announce and convene separate general meetings from time to time to seek shareholders' approval as and when potential recurrent transactions with a Related Party arise. This will substantially reduce expenses associated with the convening of such meetings on an ad hoc basis, improve administrative efficiency and allow human resources and time to be channelled towards attaining other corporate objectives and opportunities.

Further, the Proposed Shareholders' Mandate is intended to facilitate transactions entered and to be entered into in the ordinary course of business of GCB Group which are transacted from time to time with the Related Parties which are carried out at arm's length on the Group's normal commercial terms and are not prejudicial to the interest of the shareholders of GCB and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of GCB.

4.7 Benefits

The benefits of the Recurrent Related Party Transactions to GCB Group are as follows:

- (i) The Recurrent Related Party Transactions to be entered into by GCB Group are all in the ordinary course of business and intended to meet the business needs of GCB Group at the best possible terms so as to achieve synergistic benefits within GCB Group. As such, it is anticipated that the Recurrent Related Party Transactions would occur on a frequent and recurrent basis;
- (ii) The Related Parties, who have established the extensive network in Japan, are the distributors of the products of GCB Group. GCB Group would be able to reduce its marketing costs as well as capitalize on the extensive network of the Related Parties as its direct and indirect distribution channels to market the Group's products; and
- (iii) Where the Recurrent Related Party Transactions involve the supply of goods from the Related Parties, GCB Group is expected to benefit in terms of costs effectiveness and administrative efficiency in its procurement process. For instance, GCB Group does not keep a high level of inventories and when there is an urgent need for certain raw materials from the Related Parties on an ad hoc basis, it can procure these raw materials promptly which will reduce the stock holding cost and eventually improve the profitability of GCB Group.

4.8 Financial Effects

The Proposed Shareholders' Mandate will neither have any effects on the issued share capital and the shareholding of the major shareholders of GCB nor any material effect on the consolidated net tangible asset, net asset and the earning per share of GCB Group.

4.9 Basis of estimates

The abovementioned estimated value in respect of each transaction referred to above are based on prevailing prices obtained from the Related Parties which are reasonably market-competitive prices and are derived from the sums incurred or received during the past year, based on the normal level of transactions entered into by GCB Group. The estimated amounts are further based on the assumptions that current level of operations will continue and all external conditions remain constant.

4.10 Review Procedures and Disclosure

The Directors of GCB propose the following measures to ensure the Recurrent Related Party Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are not more favourable to the Related Parties than those extended to third parties or public and are not prejudicial to the minority shareholders:

- (i) The interested Directors and Major Shareholders will be informed and briefed by GCB Group of the procedures put in place by the management of the GCB Group in relation to transactions to be entered into by GCB Group. The interested Directors and Major Shareholders are required to declare and disclose to the Board in a timely manner on transactions in which they are deemed interested;

4.10 Review Procedures and Disclosure (Cont'd)

- (ii) Records pertaining to Recurrent Related Party Transactions will be analysed and monitored by the management of GCB Group. The status of these Recurrent Related Party Transactions will be reported by the management of GCB Group to the Audit Committee on a quarterly basis;
- (iii) The management of GCB Group will ensure that transactions are made based on terms that not more favourable to the Related Parties than those generally available to the public by considering the prevailing market prices, commercial terms of transactions with third parties, business practices and policies and on terms which are generally in line with the industry norms. At least 2 other contemporaneous quotes with unrelated third parties for similar products and/or services will be used as comparison, whenever 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 and/or services.

Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by GCB based on those offered to/by other related parties for the same or substantial similar type of transaction to ensure that the Recurrent Related Party Transactions are not detrimental to GCB and the reasons for the inability to obtain such quotation or comparative pricing in the first place shall be recorded by the management;

- (iv) The internal auditors shall review and report to the Board and the Audit Committee at least on a yearly basis on the effectiveness of the control procedures established by the management to monitor the Recurrent Related Parties Transactions and provide assurance that these transactions are undertaken in accordance with the management control procedures put in for GCB Group;
- (v) The Directors having interests in any Recurrent Related Party Transactions shall abstain from Board deliberations and shall ensure that the Major Shareholders and persons connected with them are also abstained from voting on the resolution approving the transactions;
- (vi) Where any member of the Audit Committee is interested in any Recurrent Related Party Transactions, that member shall abstain from all deliberations and also voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions;
- (vii) Disclosure will be made in the Annual Report of GCB or in GCB Group's audited financial statements breakdown of the aggregate value, type of transactions and the names of the Related Parties involved in each type of the RRPT made and their relationship with GCB pursuant to the Proposed Shareholders' Mandate during the financial year; and
- (viii) Pursuant to Paragraph 2.5 of the Practice Note 12 of the Listing Requirements, if the actual value of the RRPT entered into by the Company exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more, GCB would make an immediate announcement to Bursa Securities if the aggregate actual value of such RRPT with the same Related Party has exceeded by 10% or more.

4.11 Threshold for approval

The nature of business of GCB Group is that of manufacturer and the products are manufactured based on specifications determined and dictated by customers. Some materials are sourced from the Related Parties who are contracted to manufacture the materials based on specific specifications and/or sell materials to GCB Group for further processing. All purchases require the prior approval of the Head of Finance for international trade and Head of Purchasing for local trade.

Other than above mentioned, the threshold for approval of other Recurrent Related Party Transactions is consistent with those transactions entered into with unrelated parties. All these Recurrent Related Party Transactions are to be reviewed and approved by the Audit Committee annually.

4.12 Statement by the Audit Committee

The Audit Committee of GCB has seen and reviewed the procedures set out in Section 4.10 of this Circular and is of the view that the review procedures are appropriate to ensure that these Recurrent Related Party Transactions will be made at arm's length and is in accordance with GCB Group's commercial terms with third parties, business practices and policies and on terms generally in line with the industry norms and on terms which are not more favorable to the related party than those generally available to the public, and hence, are not prejudicial to the interests of the minority shareholders or disadvantageous to GCB Group.

The Audit Committee is also of the view that GCB Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner and such procedures and processes are reviewed annually.

5. APPROVAL REQUIRED

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

6. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

The direct and indirect shareholdings of the interested Directors, Major Shareholders of GCB and persons connected to them as at LPD are set out as follows:

Name	Direct		Indirect	
	No. of GCB shares held '000	%*	No. of GCB shares held '000	%*
<u>Interested Directors</u>				
Tay Hoe Lian	56,314	4.795	720 ⁽¹⁾	0.061
Hia Cheng	29,052	2.474	49,740 ⁽²⁾	4.235

6. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM (CONT'D)

Name	Direct		Indirect	
	No. of GCB shares held '000	%*	No. of GCB shares held '000	%*
<u>Interested Major Shareholder</u>				
Guan Chong Resources Sdn. Bhd.	584,877	49.797	-	-
<u>Persons Connected to Director</u>				
Yap Kim Hong	700	0.060	56,334 ⁽³⁾	4.796
Tay Jing Ying	20	0.002	57,014 ⁽⁴⁾	4.854
Wong Saow Lai	36,507	3.108	42,285 ⁽⁵⁾	3.600
Hia Sin Yee	5,233	0.446	73,559 ⁽⁶⁾	6.263
Hia Sin Che	4,000	0.341	74,792 ⁽⁷⁾	6.368
Hia Kai Xuan	4,000	0.341	74,792 ⁽⁸⁾	6.368

Notes:

* *Excluding 400,000 GCB Shares held as treasury shares.*

- (1) *Deemed interested by virtue of his spouse's, Yap Kim Hong's and his daughter, Tay Jing Ying's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (2) *Deemed interested by virtue of his spouse, Wong Saow Lai's and his daughters and son, Hia Sin Yee's, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (3) *Deemed interested by virtue of her spouse, Tay Hoe Lian's and her daughter, Tay Jing Ying's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (4) *Deemed interested by virtue of her parents, Tay Hoe Lian's and Yap Kim Hong's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (5) *Deemed interested by virtue of her spouse, Hia Cheng's and her daughters and son, Hia Sin Yee's, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (6) *Deemed interested by virtue of her parents, Hia Cheng's and Wong Saow Lai's and her sister and brother, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (7) *Deemed interested by virtue of her parents, Hia Cheng's and Wong Saow Lai's and her sister and brother, Hia Sin Yee's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*
- (8) *Deemed interest by virtue of his parents, Hia Cheng's and Wong Saow Lai's and his sisters, Hia Sin Yee's and Hia Sin Che's shareholding in the Company pursuant to Section 59(11)(c) of the Act.*

Save as disclosed in Section 4.3 of this Circular and above, none of the Directors and/or Major Shareholders and persons connected to them (as defined in the Listing Requirements) has any interests, direct or indirect in the Proposed Shareholders' Mandate.

The Directors namely, Tay Hoe Lian and Hia Cheng who are deemed to have interests in the Recurrent Related Party Transactions, have each abstained and will continue to abstain from all deliberations and voting on the Proposed Shareholders' Mandate at all Board meetings.

The interested Directors and Major Shareholder (as disclosed above), will abstain from voting in respect of their direct and indirect shareholdings on the ordinary resolution approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Directors and Major Shareholders will also undertake to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in GCB on the ordinary resolution, deliberating or approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

7. DIRECTORS' RECOMMENDATION

The Board, after taking into consideration all aspects of the Proposed Shareholders' Mandate, are of the view that the Proposed Shareholders' Mandate is in the best interest of our Company and accordingly, the Board recommends that the shareholders vote in favour of the resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at a general meeting to be convened.

In view of the Directors' interest as set out in Section 6 of this Circular, Tay Hoe Lian, the Managing Director and Hia Cheng, the Executive Director are deemed interested in respect of the Proposed Shareholders' Mandate. As such, they have abstained from expressing an opinion and giving any recommendation in respect of the Proposed Shareholders' Mandate.

8. AGM

An AGM will be held at Praline & Truffle, ibis Styles Johor Iskandar Puteri, 1 Nusa Sentrum Complex, Jalan SiLC 2/9, SiLC Industrial Park, 79200 Iskandar Puteri, Johor on Monday, 27 May 2024 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Form of Proxy, which is set out in the Annual Report 2023 of the Company, in accordance with the instructions contained herein as soon as possible and in any event, so as to arrive at the Share Registrar of the Company at 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or lodged electronically via BSIP at <https://investor.boardroomlimited.com> not later than forty-eight (48) hours before the time fixed for holding the AGM or any adjournment thereof as Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of AGM to be put to vote by poll. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

You are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
GUAN CHONG BERHAD

Ang Nyee Nyee
Independent Non-Executive Chairman



GUAN CHONG BERHAD

Registration No.: 200401007722 (646226-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri 84000 Muar
Johor Darul Takzim

26 April 2024

STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY

1. INTRODUCTION

At the last AGM held on 31 May 2023, the Company obtained its shareholders' approval for the renewal of authority for GCB to purchase its own ordinary shares of up to 10% of the issued share capital of the Company. The said approval shall, in accordance with the Listing Requirements, expire at the conclusion of the Company's forthcoming AGM.

The Board had on 15 April 2024, announced the Company's intention to seek shareholders' approval for the Proposed Renewal of Authority at the forthcoming AGM.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Authority and to seek your approval on the ordinary resolution to be tabled at the forthcoming AGM in relation to the Proposed Renewal of Authority. The Notice of AGM and the Form of Proxy are set out in the Company's Annual Report 2023.

2. DETAILS

The Company proposes to seek your approval for a renewal of the authority to purchase its own ordinary shares up to ten percent (10%) of the issued shares capital (excluding treasury shares) on Bursa Securities via stockbroker(s) to be appointed by the Board, at any time during the authorised period. The authority from our shareholders for the Proposed Renewal of Authority will be effective upon the passing of the ordinary resolution for the Proposed Renewal of Authority at the forthcoming AGM until:

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

whichever occurs first.

2. DETAILS (CONT'D)

The Company must be solvent at the date of purchase and will not become insolvent because of the debts (if any) incurred by the Company to pay for the purchase consideration in accordance with Section 127 of the Act.

Pursuant to Paragraph 12.10 of the Listing Requirements, the Proposed Renewal of Authority must be made wholly out of the retained profits of the Company. The retained profits account of the Company for the last 3 financial years and as at the latest practical date were as follows:

	Retained profits (RM)
As at 31 December 2021 as per audited accounts	767,993
As at 31 December 2022 as per audited accounts	17,114,590
As at 31 December 2023 as per audited accounts	2,366,043

The maximum amount of the funds to be allocated for the Proposed Renewal of Authority shall not exceed 5% of the retained profits of the Company for the FYE 2023. The funding will be internally generated and will not have a significant negative bearing on the cash flow position of the Group as the allocation is not substantial compared to the net current assets of the Group of RM 995,232,160 based on its audited financial statements for the FYE 2023.

Pursuant to the Listing Requirements, the purchase price of GCB Shares cannot be more than fifteen percent (15%) above the weighted average market price of the Shares for five (5) market days immediately preceding the date of the purchase. In the case of a resale of the treasury shares on Bursa Securities, the Company may only resell any treasury shares at a price, which is:

- (i) not less than the weighted average market price of GCB Shares for five (5) market days immediately prior to the date of the resale; or
- (ii) a discounted price of not more than five percent (5%) to the weighted average market price for GCB Shares for five (5) market days immediately prior to the date of the resale, provided that:
 - (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the resale price is not less than the cost of purchase of the Shares being resold.

In accordance with Section 127(4) of the Act, the Directors are able to deal with any Purchased Shares by the Company under the Proposed Renewal of Authority in the following manner:

- (i) to cancel the Purchased Shares; or
- (ii) to retain the Purchased Shares in treasury which is referred to as "treasury shares" in the Act; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares.

In regards to the Purchased Shares and retain as treasury shares, the Board may decide to distribute the treasury shares as share dividends to our shareholders and/or resell the treasury shares on Bursa Securities and utilise the proceeds from the resale of the treasury shares for potential investment opportunities arising in the future or as working capital.

2. DETAILS (CONT'D)

If the Board decides to resell the treasury shares on Bursa Securities, the Company will make an announcement on the day the resale is made, providing details of the description of the Shares resold, the number of Shares resold, the resale price of each Share resold or where relevant, the highest and lowest resale price, the total consideration received and the cumulative net outstanding treasury shares at the date of notification, where applicable.

The Proposed Renewal of Authority will allow the Board to exercise the power of the Company to purchase its Shares at any time within the abovementioned period using the internal funds of the Company and/or external borrowings. 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, the actual number of Shares to be purchased and other relevant factors.

The actual number of Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Company. In the event the Company purchases its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

3. RATIONALE AND POTENTIAL ADVANTAGES

The Proposed Renewal of Authority will enable GCB to utilise any of its surplus financial resources to purchase its own Shares from the market. It may stabilise the supply and demand of GCB Shares traded on Bursa Securities and thereby support its fundamental value.

Assuming all things being equal, any purchase of GCB Shares, regardless whether its Shares so purchased were retained as treasury shares or cancelled, would result in a lower number of GCB Shares being used for the purpose of computing the EPS. The reduced issued share capital subsequent to the Proposed Renewal of Authority may improve the Company's EPS, which in turn could be expected to benefit the shareholders.

The Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL DISADVANTAGES

The Proposed Renewal of Authority will temporarily reduce the financial resources of the Company. This may result in the Company foregoing other investment opportunities that may emerge in the future or, at least, deprive the Company of interest income that can be derived from funds to be utilised for the Proposed Renewal of Authority.

It may also reduce the amount of resources available for distribution in the form of dividends to the shareholders as funds are utilised to purchase its own Shares. However, the financial resources of the Company may recover and increase upon the re-selling of the Purchased Shares held as treasury shares.

Notwithstanding the above, the Board is of the view that the Proposed Renewal of Authority is not expected to have any potential material disadvantage to the shareholders as well as the Company as it will be implemented only after careful consideration of the financial resources of the GCB Group and the resultant impact on the shareholders and the Company.

5. EFFECTS

The effects of the Proposed Renewal of Authority are as follows:

5.1 Share Capital

The effects of the Proposed Renewal of Authority on the issued share capital of GCB, based on the following scenarios, are as follows:

	Minimum Scenario No of shares
As at LPD ⁽¹⁾	1,174,514,924
Proposed Renewal of Authority (assuming all GCB Shares purchased are fully cancelled)	<u>(117,451,492)</u>
Balance after the Proposed Renewal of Authority	<u>1,057,063,432</u>

Note:

⁽¹⁾ Excluding 400,000 GCB Shares held as treasury shares

In the event GCB Shares purchased are retained as treasury shares, the Proposed Renewal of Authority will not affect the issued share capital of GCB but the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including calculation of substantial shareholdings, take-overs, notices, the requisitioning of meetings, calculation of quorum for meetings and the result of a vote on a resolution at meeting.

5.2 NA

The consolidated NA of the Company may increase or decrease depending on the number of GCB Shares purchased under the Proposed Renewal of Authority, the purchase prices of its Shares, the effective cost of funding and the treatment of its Shares purchased under the Proposed Renewal of Authority.

The Proposed Renewal of Authority will reduce the consolidated NA per Share when the purchase price exceeds the consolidated NA per Share at the time of purchase. On the contrary, the consolidated NA per Share will increase when the purchase price is less than the consolidated NA per Share at the time of purchase.

If the Shares purchased under the Proposed Renewal of Authority are held as treasury shares and subsequently resold on Bursa Securities, the consolidated NA per Share would increase if the Company realises a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the Group's NA by the cost of the treasury shares.

5.3 Working Capital

The Proposed Renewal of Authority will reduce the working capital of GCB Group, the quantum of which will depend on the purchase prices of its Shares, the actual number of Shares purchased and any associated costs incurred in making the purchase.

5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY (CONT'D)

5.4 Earnings

The effect of the Proposed Renewal of Authority on the consolidated EPS of the Company will depend on the purchase prices paid for its Shares, the effective funding cost to GCB Group to finance the purchases of its Shares or any loss in interest income to GCB Group, if internally generated funds are utilised to finance the purchase of its Shares.

Assuming that any Purchased Shares are retained as treasury shares and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Dividends

The Proposed Renewal of Authority is not expected to have any impact on the policy of the Board in recommending dividend, if any, to the shareholders. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Authority.

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5.6 Interest of Directors, Major Shareholders and/or persons connected with them

The direct and indirect shareholdings of the Directors, Major Shareholders of GCB and persons connected to them as at LPD are set out as follows:

Major Shareholders and/or Directors	Direct		Indirect	
	No. of GCB Shares '000	%*	No. of GCB Shares '000	%*
Guan Chong Resources Sdn. Bhd.	584,877	49.797	-	-
Tay Hoe Lian	56,314	4.795	720 ⁽¹⁾	0.062
Tay How Sik @ Tay How Sick	20,999	1.788	6,809 ⁽²⁾	0.580
Hia Cheng	29,052	2.474	49,740 ⁽³⁾	4.235
Ang Nyee Nyee	-	-	8 ⁽⁴⁾	Neg
Nurulhuda Binti Abd Kadir	-	-	-	-
Ng Kim Hian	-	-	-	-
Tan Pui Suang	-	-	-	-
Persons connected to the Directors				
Yap Kim Hong	700	0.060	56,334 ⁽⁵⁾	4.796
Tay Jing Ying	20	0.002	57,014 ⁽⁶⁾	4.854
Tay Jing Ye	1,640	0.140	26,168 ⁽⁷⁾	2.228
Tay Sing Ye	1,972	0.168	25,836 ⁽⁸⁾	2.200
Tay Lian Shi	3,088	0.263	24,720 ⁽⁹⁾	2.105
Lee Ping	109	0.009	27,699 ⁽¹⁰⁾	2.358
Wong Saow Lai	36,507	3.108	42,285 ⁽¹¹⁾	3.600
Hia Sin Yee	5,233	0.446	73,559 ⁽¹²⁾	6.263
Hia Sin Che	4,000	0.341	74,792 ⁽¹³⁾	6.368
Hia Kai Xuan	4,000	0.341	74,792 ⁽¹⁴⁾	6.368
Leong Chee Foong	8	Neg	-	-

Notes:

* Excluding 400,000 GCB Shares held as treasury shares.

- (1) Deemed interested by virtue of his spouse's, Yap Kim Hong's and his daughter, Tay Jing Ying's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interested by virtue of his daughters, Tay Jing Ye's, Tay Sing Ye's, his son, Tay Lian Shi's and his daughter-in-law, Lee Ping's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (3) Deemed interested by virtue of his spouse, Wong Saow Lai's and his daughters and son, Hia Sin Yee's, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (4) Deemed interested by virtue of her spouse, Leong Chee Foong's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (5) Deemed interested by virtue of her spouse, Tay Hoe Lian's and her daughter, Tay Jing Ying's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (6) Deemed interested by virtue of her parents, Tay Hoe Lian's and Yap Kim Hong's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (7) Deemed interested by virtue of her father, Tay How Sik @ Tay How Sick's, her sister, Tay Sing Ye's, her brother, Tay Lian Shi's and sister-in-law, Lee Ping's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (8) Deemed interested by virtue of her father, Tay How Sik @ Tay How Sick's, her sister, Tay Jing Ye's, her brother, Tay Lian Shi's and sister-in-law, Lee Ping's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (9) Deemed interested by virtue of his father, Tay How Sik @ Tay How Sick's, his spouse, Lee Ping's, his sisters, Tay Jing Ye's and Tay Sing Ye's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (10) Deemed interested by virtue of his father-in-law, Tay How Sik @ Tay How Sick's, her spouse, Tay Lian Shi's, her sisters-in law, Tay Jing Ye's and Tay Sing Ye's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (11) Deemed interested by virtue of her spouse, Hia Cheng's and her daughters and son, Hia Sin Yee's, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (12) Deemed interested by virtue of her parents, Hia Cheng's and Wong Saow Lai's and her sister and brother, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (13) Deemed interested by virtue of her parents, Hia Cheng's and Wong Saow Lai's and her sister and brother, Hia Sin Yee's and Hia Kai Xuan's shareholding in the Company pursuant to Section 59(11)(c) of the Act.
- (14) Deemed interest by virtue of his parents, Hia Cheng's and Wong Saow Lai's and his sisters, Hia Sin Yee's and Hia Sin Che's shareholding in the Company pursuant to Section 59(11)(c) of the Act.

6. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES DURING THE PREVIOUS TWELVE (12) MONTHS

As at the LPD, the Company has not purchase, resale and cancel of any GCB Shares during the previous twelve (12) months.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of GCB Shares transacted for the past 12 months from May 2023 to April 2024 are as follows:

	High RM	Low RM
2023		
May	2.74	2.41
June	2.50	2.26
July	2.39	2.10
August	2.19	2.05
September	2.27	2.04
October	2.24	2.07
November	2.19	1.82
December	1.93	1.80
2024		
January	1.83	1.63
February	1.74	1.51
March	2.55	1.54
April	2.65	2.34

The last transacted market price of the Shares immediately prior to the announcement on 15 April 2024

RM2.60

The last transacted market price of our Shares on LPD

RM2.51

(Source: investing.com)

8. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the requirement of 25% public shareholding spread under Paragraph 8.02(1) of the Listing Requirements.

As at LPD, the public shareholding spread of our Company based on the issued share capital of 1,174,514,924 GCB Shares (after excluding a total of 400,000 GCB Shares held as treasury shares) was 28.61%. Our Board will ensure that our Company complies with the minimum public spread of 25% in implementing the Proposed Renewal of Authority.

9. IMPLICATION OF THE CODE

Our Company does not intend to undertake the Proposed Renewal of Authority such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Authority, the relevant parties shall make the necessary application to the Security Commission for a waiver to undertake a mandatory offer pursuant to the Code.

10. APPROVAL REQUIRED

The Proposed Renewal of Authority is subject to the approval of the shareholders of the Company at the forthcoming AGM.

11. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings of the Directors and Major Shareholders in the Company as a result of the Proposed Renewal of Authority, none of the Directors or Major Shareholders and/or persons connected to them, has any interest, direct or indirect, in the Proposed Renewal of Authority or the resale of the treasury shares, if any.

12. DIRECTORS' RECOMMENDATION

The Board, having considered all the aspects of the Proposed Renewal of Authority, is of the opinion that it is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authority to be tabled at the forthcoming AGM.

13. AGM

An AGM will be held at Praline & Truffle, ibis Styles Johor Iskandar Puteri, 1 Nusa Sentrum Complex, Jalan SiLC 2/9, SiLC Industrial Park, 79200 Iskandar Puteri, Johor on Monday, 27 May 2024 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposed Renewal of Authority.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Form of Proxy, which is set out in the Annual Report 2023 of the Company, in accordance with the instructions contained herein as soon as possible and in any event, so as to arrive at the Share Registrar of the Company at 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or lodged electronically via BSIP at <https://investor.boardroomlimited.com> not later than forty-eight (48) hours before the time fixed for holding the AGM or any adjournment thereof as Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of AGM to be put to vote by poll. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

14. FURTHER INFORMATION

You are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
GUAN CHONG BERHAD

Ang Nyee Nyee
Independent Non-Executive Chairman

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APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL COMMITMENT AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, there are no material commitments and contingent liabilities incurred or known to be incurred by the Group that is likely to have a material adverse effect on the financial position:

Authorised and contracted for:

Material commitments	Amount RM'000
Capital commitments for property, plant and equipment	90,486
Total	90,486

3. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during 2 years immediately preceding the date of this Circular except for the following:

- (i) On 28 Feb 2023, GCBUKP entered into a sale and purchase agreement with Bloor Homes Limited for the acquisition of the Seller's freehold property for an aggregate purchase price of GBP325,000-00.
- (ii) On 31 Mar 2023, GCBUKP entered into a sale and purchase agreement with Bloor Homes Limited for the acquisition of the Seller's freehold property for an aggregate purchase price of GBP365,000-00.
- (iii) On 6 Apr 2023, GCT entered into a sale and purchase agreement with Bonanza Resorts Sdn. Bhd. for the acquisition of the Seller's freehold vacant land for an aggregate purchase price of RM31,473,910-00.
- (iv) On 29 Jun 2023, GCBUKP entered into a sale and purchase agreement with Bloor Homes Limited for the acquisition of the Seller's freehold property for an aggregate purchase price of GBP550,000-00.
- (v) On 17 Nov 2023, GCBUKP entered into a sale and purchase agreement with Taylor Wimpey UK Limited for the acquisition of the Seller's freehold property for an aggregate purchase price of GBP450,000-00.

4. MATERIAL LITIGATION

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

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming AGM, at the Registered Office:

- (i) Constitution of the Company;
- (ii) the audited financial statements of the Company for the past 2 FYEs 2022 and 2023; and
- (iii) The material contracts as set out in Section 3 above.

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