

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

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

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**MCLEAN TECHNOLOGIES BERHAD**  
Registration No. 201001009003 (893631-T)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS'  
MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR  
TRADING NATURE**

The above proposal will be tabled as Special Business at the Company's 11th Annual General Meeting to be conducted entirely through live streaming from the broadcast venue at **Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia on Thursday, 27 May 2021.** ("11th AGM"). The Notice of the 11th AGM together with the Form of Proxy is set out in the Annual Report of the Company for the year ended 31 December 2020.

A member entitled to attend and vote at the 11th AGM is entitled to appoint a proxy/proxies to attend and vote on his/her behalf.

The Form of Proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than forty-eight (48) hours before the time set for holding the 11th AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

Last day, date and time for lodging the Proxy form	: Tuesday, 25 May 2021 at 10.00 a.m.
Day, date and time of the 11th AGM	: Thursday, 27 May 2021 at 10.00 a.m.

**This Circular is dated 27 April 2021.**

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**DEFINITIONS (CONT'D)**

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

“Act”	:	Companies Act 2016
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of the Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This circular to the shareholders dated 27 April 2021
“CMSA”	:	Capital Markets and Services Act 2007
“Director”	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2 of the Act and Section 2(1) of the CMSA
“Decor Industries”	:	Decor Industries Pte Ltd (Registration No. 198701644C), a company incorporated in Singapore
“Decowell”	:	Decowell Industries Pte Ltd (Registration No. 199105287R), a company incorporated in Singapore
“DGC Holding”	:	DGC Holdings Pte Ltd (Registration No. 200201842K), a company incorporated in Singapore
“DW Clean Tech”	:	DW Clean Tech Pte Ltd, (Registration No. 201531544Z), a company incorporated in Singapore
“DWZ”	:	DWZ Industries Sdn Bhd, (Registration No. 199601030296) (402648-M) , a 55% owned subsidiary of MClean
“DWZJ”	:	DWZ Industries (Johor) Sdn Bhd, (Registration No. 200601012080) (731830-U), a wholly-owned subsidiary of DWZ
“FPE”	:	Financial period ended
“FYE”	:	Financial year ended/ending, as the case may be
“HDD”	:	Hard Disk Drive, a non-volatile electronic storage device that uses rotating disks coated with ferromagnetic materials as the medium to record digitally encoded data
“HuiTech”	:	Hui Technologies Pte Ltd, (Registration No. 200605884D), a company incorporated in Singapore
“JCS Biotech”	:	JCS Biotech Pte Ltd, (Registration No. 199002819D), a company incorporated in Singapore

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**DEFINITIONS (CONT'D)**

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“JCS Group”	:	JCS Group Pte Ltd, (Registration No. 201002986N), a company incorporated in Singapore
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	31 March 2021, being the latest practicable date prior to the printing of this Circular
“MAC”	:	MClean Advance Carrier Pte Ltd (Registration No. 200920647C), a company incorporated in Singapore and a wholly-owned subsidiary of Mclean
“Major Shareholder”	:	A person who has an interest or interests in 1 or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company  This includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company
“MCL”	:	MClean Cloud Logistic Pte Ltd (Registration No. 201717181H), a company incorporated in Singapore and a 55% owned subsidiary of MAC
“MClean” or “Company”	:	MClean Technologies Berhad (Registration No. 201001009003) (893631-T)
“MClean Group” or “Group”	:	MClean and its group of companies
“MClean Shares” or “Shares”	:	Ordinary shares in MClean
“MPPL”	:	MClean Precision Pte Ltd (Registration No. 200103673Z), a company incorporated in Singapore and a wholly-owned subsidiary of MClean
“MTM”	:	MClean Technologies (M) Sdn Bhd (Registration No. 201601020080) (1191018-V), a wholly-owned subsidiary of MClean
“MTPL”	:	MClean Technologies Pte Ltd (Registration No. 200312425W), a company incorporated in Singapore and a wholly-owned subsidiary of MPPL
“MTTCL”	:	MClean Technologies (Thailand) Company Limited (Registration No. 0135560006971), a company incorporated in Thailand and a wholly-owned subsidiary of MTPL

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**DEFINITIONS (CONT'D)**

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“MTWCL”	:	MClean Technologies (Wuxi) Co. Ltd (Registration No. 320200400027197), a company incorporated in the PRC and a wholly-owned subsidiary of MTPL
“Person(s) Connected”	:	Shall have the same meaning given in Rule 1.01 of the Listing Requirements
“PRC”	:	People’s Republic of China
“Proposed Mandate”		Proposed Renewal Mandate
“Proposed Renewal Mandate”	:	Proposed renewal of the existing shareholders’ mandate obtained at the 10th AGM for RRPT between:  (i) DWZ and Decor Industries;  (ii) MTPL and JCS Biotech;  (iii) MTWCL and JCS Biotech;  (iv) MTPL and DW Clean Tech; and  (v) MTPL and HuiTech
“Related Party(ies)”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder of MClean (or any other company which is its subsidiary company) who are interested in the Proposed Mandate. For the purpose of this definition, “Director” and “Major Shareholder” includes any person who is or was within the preceding 6 months of the date on which the terms of transaction were agreed upon, a director or Major Shareholder or person connected with such Director or Major Shareholder of the Group
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RMB”	:	Renminbi
“RRPT”	:	Recurrent transactions of a revenue or trading nature which are in the ordinary course of business and are necessary for day-to-day operations, entered into by the MClean Group which involve the interest, direct or indirect, of a Related Party
“SGD”	:	Singapore Dollars
“Singapore”	:	Republic of Singapore
“Subsidiary Companies”	:	A corporation that is deemed to be a subsidiary of another corporation, if that other corporation:  (a) controls the board of directors of the first-mentioned corporation;  (b) controls more than half of the voting power of the first-mentioned corporation; or

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**DEFINITIONS (CONT'D)**

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- (c) holds more than half of the issued share capital of the first-mentioned corporation

“THB” : Thai Baht

“USD” : United States Dollar

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

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**MClean**

**MCLEAN TECHNOLOGIES BERHAD**  
Registration No. 201001009003 (893631-T)  
(Incorporated in Malaysia)

**Registered Office:**  
Suite 1301, 13th Floor, City Plaza  
Jalan Tebrau 80300  
Johor Bahru, Johor

27 April 2021

### **Board of Directors**

Mr Yeo Hock Huat (*Executive Chairman, Executive Directors*)  
Mr Lim Han Kiau (*Chief Executive Officer, Executive Directors*)  
Datuk Wira Mark William Ling Lee Meng (*Senior Independent Non-Executive Director*)  
Dr Ho Choon Hou (*Independent Non-Executive Director*)  
Mr Pang Kong Chek (*Independent Non-Executive Director*)  
Ms Yeo Seow Lai (*Non-Independent Non-Executive Director*)

To: Shareholders of the Company

Dear Sir/Madam,

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

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### **1. INTRODUCTION**

At the Company's 10th AGM on 18 June 2020, the shareholders of the Company had provided their mandate for the Group to enter into the RRPT pertaining to Proposed Renewal Mandate. The said shareholders' mandate, in accordance with the Listing Requirements, shall expire at the 11th AGM unless authority for its renewal is obtained from the shareholders of the Company at the 11th AGM, which is to be convened on 27 May 2021.

On 8 April 2021, the Company had announced that it intends to seek its shareholders' approval for the Proposed Mandate, which are set out in the Section 2.3 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF MCLEAN WITH DETAILS OF THE PROPOSED MANDATE, TO SET OUT THE BOARD'S RECOMMENDATION AND TO SEEK APPROVAL OF THE SHAREHOLDERS OF MCLEAN FOR THE RESOLUTION PERTAINING TO THE PROPOSED MANDATE TO BE TABLED AT THE FORTHCOMING 11TH AGM OF THE COMPANY. SHAREHOLDERS OF MCLEAN ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX I CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED MANDATE AT THE FORTHCOMING 11TH AGM.**

## 2. DETAILS OF THE PROPOSED MANDATE

### 2.1 Provisions under the Listing Requirements

Pursuant to Rule 10.09 of the Listing Requirements, a listed company may seek a shareholders' mandate in respect of RRPT involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to, *inter alia*, the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed as follows:
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - (b) the percentage ratio of such RRPT is 1% or more,whichever is the lower;
- (iii) in a meeting to obtain shareholders' mandate, the relevant related party must comply with the following requirements as set out in Rule 10.08(7):
  - (a) a related party with any interest, direct or indirect ("**Interest Related Party**") must not vote on the resolution in respect of the related party transaction;
  - (b) an Interested Related Party who is a director or Major Shareholder must ensure that person connected with it abstain from voting on the resolution in respect of the related party transaction;
  - (c) where the Interested Related Party is a person connected with a director or Major Shareholder, such director or Major Shareholder must not vote on the resolution in respect of the related party transaction;
- (iv) the listed company immediately announces to the Bursa Securities when the actual value of a RRPT entered into by the listed company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement; and
- (v) the issuance of a circular to shareholders which includes information as set out in the Listing Requirements.

Where a listed corporation has procured the shareholders' mandate pursuant to the above, the provision of Rule 10.08 of the Listing Requirements shall not apply with regard to transactions as detailed in this section.

In its ordinary course of business, the Group has entered into certain RRPT and it is anticipated that the Group would enter into such transactions with Related Parties in the ordinary course of business, the particulars of which are set out in Section 2.3 below.



Accordingly, the Company proposes to seek the approvals from its shareholders for the MClean Group to enter into RRPT with Related Parties as disclosed in Section 2.3 below, on terms not more favourable to the Related Parties than those generally available to or from the public and are not detrimental to the minority shareholders.

If approved at the forthcoming 11th AGM, the shareholders' mandate is subject to annual renewal and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company; or
  - (ii) the expiration of the period within which the next AGM of the Company, after the date it is required to be held pursuant to Sections 340(1) and (2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (iii) revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is earlier.

Disclosures have been made in MClean's 2020 Annual Report of the actual breakdown of the aggregate value of RRPT made pursuant to the existing shareholders' mandate during the financial year ended 31 December 2020.

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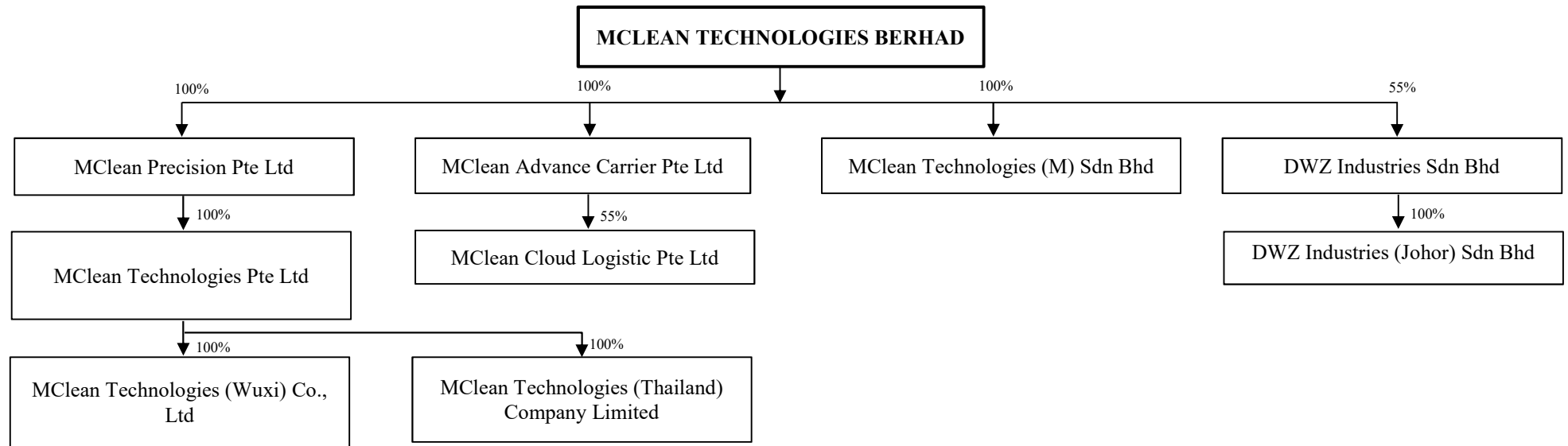
## 2.2 Principal Activities of the MClean Group

The principal activity of the Company is investment holding. The MClean Group is involved in the provision of surface treatment, precision cleaning and washing solutions for components of HDD, media cassettes, trays, as well as medical devices and other components that require a high level of precision cleaning as well as surface treatment and finishing of metal parts for electrical and electronic industries.

The particulars of the Subsidiary Companies and their principal activities as at the LPD are as follows:

<b>Subsidiary Companies</b>	<b>Date / Country of incorporation</b>	<b>Effective equity interest (%)</b>	<b>Issued share capital / Registered capital</b>	<b>Principal activities</b>
MPPL	2 June 2001/ Singapore	100.00	SGD1,000,000	Investment holding and provision of washing, assembling and sorting services for electronic components and sale of electronic components.
MTPL	5 December 2003/ Singapore	100.00	SGD1,000,000	Provision of precision cleaning, assembly services, and other related services to HDD industry and sale of module relating to technical assembly services as well as provision of clean bulk packing services and its services.
MTM	10 June 2016/ Malaysia	100.00	RM2,500,000	Currently dormant. Intended to be provision of precision cleaning, surface treatment and related packaging services.
MAC	4 November 2009/ Singapore	100.00	SGD2,400,001	Investment holding company.
MTWCL	14 July 2006/ PRC	100.00	USD2,600,000	Provision of precision cleaning, assembly services, clean bulk packaging services and other related services.
MTTCL	17 March 2017 / Thailand	100.00	THB27,000,000	Provision of precision cleaning, assembly services and other related services to hard disk drive industry.
MCL	19 June 2017 / Singapore	55.00	SGD100.00	Provision of supply chain and time to market delivery solution
DWZ	18 September 1996 / Malaysia	55.00	RM1,000,000	Provision of surface treatment and finishing specialist for electrical and electronic industries.
DWZJ	28 April 2006 / Malaysia	55.00	RM300,000	Provision of surface treatment and finishing specialist for electrical and electronic industries.

The group structure of MClean Group are as follows:



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## 2.3 Proposed Mandate

### Proposed Renewal Mandate

The details of the RRPT in respect of the Proposed Renewal Mandate are as follows:

Company in MClean Group	Transacting party	Interested related parties	Nature of relationships	Nature of transactions	Estimated transaction value for existing shareholders' mandate from 18 June 2020 (date of 10th AGM) to date of 11th AGM (RM)	Actual transaction value from 18 June 2020 (date of 10th AGM) to the LPD (RM)	Estimated transaction value# from date of 11th AGM to date of 12th AGM (RM)
DWZ	Decor Industries	Lim Han Kiau, Decor Industries, DGC Holdings	<p>Lim Han Kiau is a director of MClean, Decor Industries, DGC Holdings and DWZ. Lim Han Kiau is also the controlling shareholder of DGC Holdings.</p> <p>Decor Industries is a major shareholder of MClean and DWZ.</p> <p>DGC Holdings is the sole shareholder of Decor Industries.</p>	<p>(i) Provision of surface treatment and finishing services by DWZ to Decor Industries</p> <p>(ii) Provision of support services by Decor Industries to DWZ</p>	<p>Up to RM2.0 million</p> <p>Up to RM2.0 million</p>	<p>RM0.17 million</p> <p>RM0.005 million</p>	<p>Up to RM2.0 million</p> <p>Up to RM2.0 million</p>
MTPL	JCS Biotech	Yeo Hock Huat, JCS Group, Yeo Seow Lai, Yeo Lian Cheng	<p>Yeo Hock Huat is a director of MClean, MTPL, JCS Biotech and JCS Group.</p> <p>Yeo Hock Huat is also the controlling shareholder of</p>	Provision of cleanroom packaging services by MTPL to JCS Biotech	Up to RM10.0 million (in SGD equivalent)	RM0.39 million (in SGD equivalent)	Up to RM10.0 million (in SGD equivalent)

			<p>MClean, JCS Biotech and JCS Group.</p> <p>Yeo Seow Lai and Yeo Lian Cheng are Yeo Hock Huat's sister.</p> <p>Yeo Lian Cheng is a director of JCS Biotech.</p>				
MTWCL	JCS Biotech	Yeo Hock Huat, JCS Group, Yeo Seow Lai, Yeo Lian Cheng	<p>Yeo Hock Huat is a director of MClean, MTWCL, JCS Biotech and JCS Group.</p> <p>Yeo Hock Huat is also the controlling shareholder of MClean, JCS Biotech and JCS Group.</p> <p>Yeo Seow Lai and Yeo Lian Cheng are Yeo Hock Huat's sister.</p> <p>Yeo Lian Cheng is a director of JCS Biotech.</p>	Provision of cleanroom packaging services by MTWCL to JCS Biotech	Up to RM5.0 million (in USD equivalent)	-	Up to RM5.0 million (in USD equivalent)
MTPL	DW Clean Tech	Lim Han Kiau, Decor Industries, DGC Holdings	<p>Lim Han Kiau is the controlling shareholder of DGC Holdings.</p> <p>DGC Holdings Pte Ltd is the sole shareholder of Decor Industries.</p> <p>Decor Industries Pte Ltd is a major shareholder of MClean.</p>	Provision of turnkey parts supply by DW Clean Tech to MTPL for the moulding, "stamping to contract" assembling and packaging stages which allows MTPL to offer such one-stop service through its network of	Up to RM20.0 million (in SGD equivalent)	RM0.03 million (in SGD equivalent)	RM20.0 million (in SGD equivalent)

			<p>Lim Minhan is Lim Han Kiau's son and a director and a controlling shareholder of DW Clean Tech.</p> <p>Decor Industries is the sole shareholder of Decowell Industries.</p> <p>Decowell Industries, is a controlling shareholder of DW Clean Tech.</p>	contractors and service providers.			
MTPL	HuiTech	Yeo Hock Huat, JCS Group, Yeo Seow Lai, Yeo Lian Cheng	<p>Yeo Hock Huat is a director of MClean and MTPL.</p> <p>Yeo Hock Huat is also the controlling shareholder of MClean, JCS Group and HuiTech.</p> <p>Yeo Seow Lai and Yeo Lian Cheng are Yeo Hock Huat's sister.</p>	Purchase of surface treatment and precision cleaning machineries by MTPL from HuiTech for expansion of MTPL's precision cleaning business in Thailand.	RM1.6 million (in SGD equivalent)	-	RM1.6 million (in SGD equivalent)

*Note:*

# *The above estimated values are based on the prevailing market prices and the levels of operations as envisaged by the directors of MClean, taking into account similar transactions entered into with the Related Parties in the past. The actual values may vary.*

The Company is seeking renewal of its shareholders' existing mandate for the above RRPT to be undertaken from the date of the 11th AGM to the date of the 12th AGM.

### 3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the other Directors, Major Shareholders or persons connected with them have any interest, direct or indirect, in the Proposed Mandate:

As at the LPD	Direct		Indirect	
	No. of MClean Shares	%	No. of MClean Shares	%
<b>Interested Directors</b>				
Lim Han Kiau	80,000	0.04	56,378,000 <sup>(1)</sup>	28.59
Yeo Hock Huat	10,117,000	5.13	39,748,004 <sup>(2)</sup>	20.15
Yeo Seow Lai	600,062	0.30	10,517,000 <sup>(3)</sup>	5.33
<b>Interested Major Shareholders</b>				
Decor Industries Pte Ltd	56,378,000 <sup>(6)</sup>	28.59	-	-
DGC Holdings Pte Ltd	-	-	56,378,000 <sup>(4)</sup>	28.59
JCS Group Pte Ltd	38,747,942	19.65	-	-
Yeo Lian Cheng	400,000	0.20	10,717,062 <sup>(5)</sup>	5.43

Notes:

- (1) Deemed interested by virtue of his own shareholding in Decor Industries Pte Ltd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his own shareholding in JCS Group Pte Ltd, as well as shareholdings of his siblings (Yeo Seow Lai and Yeo Lian Cheng) in MClean, pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of the shareholdings of her siblings (Yeo Hock Huat and Yeo Lian Cheng) in MClean, pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its 100% shareholding in Decor Industries Pte Ltd, pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of the shareholdings of her siblings (Yeo Hock Huat and Yeo Seow Lai) in MClean, pursuant to Section 8 of the Act.
- (6) Décor Industries Pte Ltd is deemed interested to Decowell Industries Pte Ltd by virtue of its 100% shareholding in Decowell Industries Pte Ltd pursuant to Section 8 of the Act. In addition to that, Lim Minhan and Decowell Industries Pte Ltd hold 30% and 70% interest respectively in DW Clean Tech Pte Ltd. However, Lim Minhan, Decowell Industries Pte Ltd and DW Clean Tech Pte Ltd do not have any direct or indirect shareholding in MClean.

Yeo Hock Huat is a Director of MClean, MTPL and JCS Group Pte Ltd as well as the controlling shareholder of Mclean, JCS Group Pte Ltd and Hui Technologies Pte Ltd. He, being an interested director (“**Interested Director**”) in relation to the Proposed Mandate, has accordingly abstained and will continue to abstain from all deliberations and voting at Board meetings pertaining to the Proposed Mandate and he will also abstain from voting in respect of his direct and indirect shareholdings on the resolutions pertaining to the Proposed Mandate at the forthcoming 11th AGM. He has also undertaken to ensure that any persons connected with him will abstain from voting on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

Yeo Seow Lai is a Director of MClean. She, being an Interested Director in relation to the Proposed Mandate, has accordingly abstained and will continue to abstain from all deliberations and voting at Board meetings pertaining to the Proposed Mandate and she will also abstain from voting in respect of her direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM. She has also undertaken to ensure that any persons connected with her will abstain from voting in respect of her direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

Lim Han Kiau is a Director of MClean, Decor Industries Pte Ltd and DGC Holdings Pte Ltd as well as the controlling shareholder of DGC Holdings Pte Ltd. He, being an Interested Director in relation to the Proposed Mandate, has accordingly abstained and will continue to abstain from all deliberations and voting at Board meetings pertaining to the Proposed Mandate and he will also abstain from voting in respect of his direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM. He has also undertaken to ensure that any persons connected with him will abstain from voting on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

JCS Group Pte Ltd is an interested major shareholder (“Interested Major Shareholder”) in relation to the Proposed Mandate and will abstain from voting in respect of its direct shareholding on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

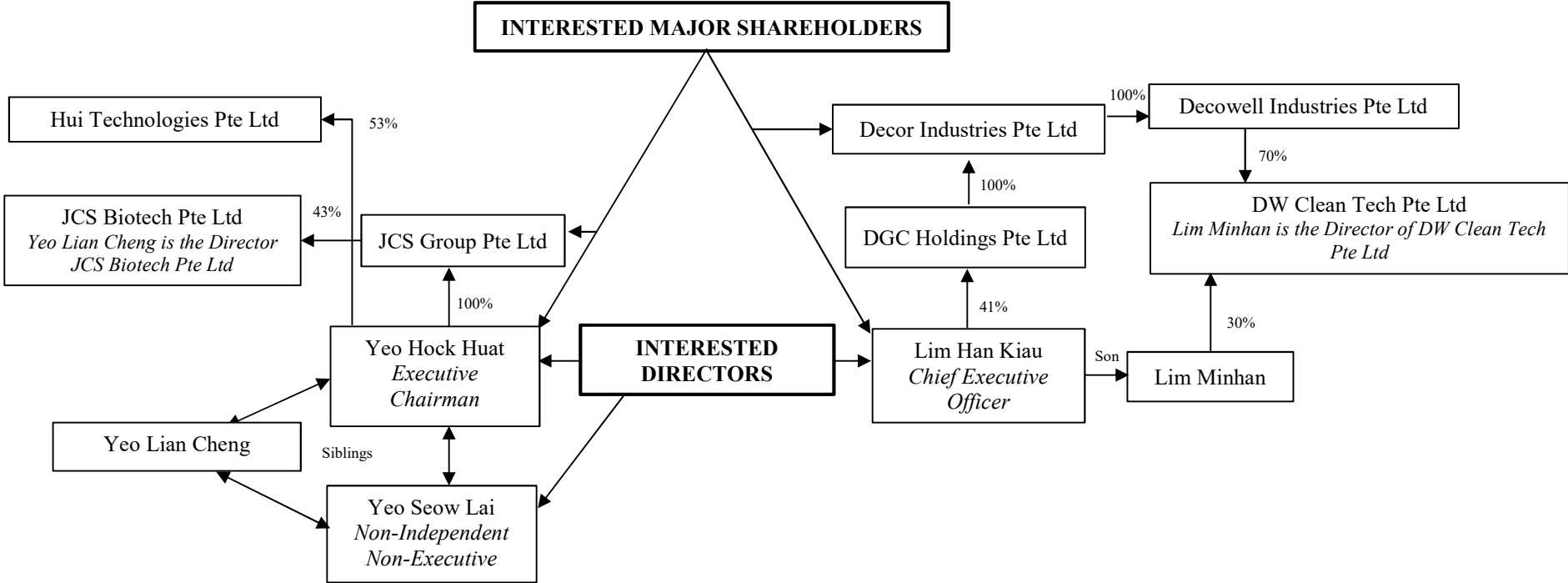
Decor Industries Pte Ltd (being a major shareholder of MClean) and DGC Holdings Pte Ltd (being the sole shareholder of Decor Industries Pte Ltd) are Interested Major Shareholders in relation to the Proposed Mandate and will abstain from voting, in respect of their direct and indirect shareholdings, on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

Yeo Lian Cheng who is a Director of JCS Biotech Pte Ltd, is also interested Major Shareholder and person connected to the Directors, Yeo Hock Huat and Yeo Seow Lai in relation to the Proposed Mandate. Hence, she will abstain from voting in respect of her indirect shareholding on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

Accordingly, the Interested Directors and the Interested Major Shareholders will abstain and have undertaken to ensure that any persons connected with them (if any) will abstain, from voting in respect of his/her direct and indirect shareholdings on the resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.



The summary of the Related Parties pursuant to the Proposed Mandate is as follows:



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## **4. GUIDELINES, METHODS AND PROCEDURES IN RELATION TO THE RRPT**

### **4.1. Guidelines on thresholds of authority**

The thresholds for the approval of RRPT within the MClean Group are as follows:

- (i) For RRPT up to the prescribed threshold of the Listing Requirements of RM1 million or 1% of the applicable percentage ratio, whichever is lower, the RRPT will be reviewed by the Chief Financial Officer and approved by any one Director.
- (ii) For RRPT exceeding the prescribed threshold of the Listing Requirement of RM1 million or 1% of the applicable percentage ratio, whichever is lower, the RRPT will be reviewed by the Audit Committee and approved by the Board.

### **4.2. Terms of the RRPT**

The terms of the RRPT are consistent with the Group's usual business practices and policies and are not more favourable to the Related Parties than to those generally available to the public (where applicable) and are not to the detriment of the minority shareholders of MClean.

### **4.3. Review procedures for the RRPT**

The MClean Group has established the following procedures and guidelines to ensure that the RRPT are undertaken on transaction prices and terms not more favourable to the Related Parties than those generally available to third parties and are not to the detriment of the minority shareholders and that they are conducted at arms' length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to shareholders:

- The Group's management personnel who manages, approves and negotiates the terms and pricing of transactions with Related Parties shall not be a management personnel who has any interest, directly and/or indirectly, with the Related Parties. Should such management personnel have any interest, directly and/or indirectly, with the Related Parties in respect of transactions, such person must declare his/her interest to the Company and abstain from all dealings in connection with the transaction on behalf of the MClean Group.
- The pricing, level and quality of products or services shall be determined based on the usual commercial terms, business practices and policies or otherwise in accordance with those practised by the Group with third parties including other applicable industry norms/ considerations.
- As part of this process in determining the pricing of products or services under RRPT, at least two other contemporaneous transactions with unrelated third parties for similar products/service, 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/substantial similar type of products/services and/or quantities.
- Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on the Group's usual business practices to ensure that the RRPT is not detrimental to the Group and the reasons for the inability to obtain such quotation or comparative

pricing in the first place shall be minuted by the Group's management for future review.

- Records will be maintained by the Company to capture all RRPT entered into pursuant to the Proposed Mandate.
- Review by the Internal Auditors of all significant RRPT entered into pursuant to the Proposed Mandate to ensure that the relevant approvals have been obtained and transactions are undertaken on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to third parties and are not detrimental to the minority shareholders.
- Review by the Audit Committee of the management reports to ascertain that the guidelines and procedures established to monitor all significant RRPT have been complied with and the review shall be done at least every quarter.
- Review by the Board and the Audit Committee of the procedures for entering into RRPT as and when necessary. If a member of the Board or Audit Committee has an interest (direct or indirect) in the transaction, he / she shall abstain from deliberation and any decision-making by the Board or the Audit Committee in respect of that transaction.
- Disclosure will be made in the Company's Annual Report or in the 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 the respective companies involved made pursuant to the Proposed Mandate during the financial year.
- In addition, pursuant to paragraph 2.4 of Guidance Note 8 of the Listing Requirements, if the actual value of the RRPT entered into by any company within the Group exceeds the estimated value of RRPT disclosed in this Circular by 10% or more, the Company would make an immediate announcement to Bursa Securities of such a matter.

## **5. RATIONALE AND BENEFITS OF TRANSACTING WITH THE RELATED PARTIES**

The purchases of turnkey parts, machineries and packaging products by MTPL from DW Clean Tech and HuiTech respectively, are of a revenue or trading nature, and are necessary for MClean Group day-to-day operations and are within the MClean Group's ordinary course of business.

The purchases will be used for MTPL's precision cleaning businesses, assembly services and clean bulk packing services, which are among MClean Group's core business activities, to increase its plant capacity in order to meet customers' demands.

The purchase of turnkey parts will be made from DW Clean Tech as DW Clean Tech is a key sub-contractor which specialises in the provision of turnkey parts supply which will enhance MClean Group horizontal business expansion along the electronics value chain.

The purchase of machineries will be made from HuiTech due to HuiTech's past track record in providing services to the MClean Group and it is well-versed with the required knowledge and experience to provide the most cost-effective precision cleaning equipment.

MClean has also considered the reputation of DW Clean Tech and HuiTech in offering competitive pricing and after-sales service.

The rationale for and benefits of the Proposed Mandate to MClean Group among others, are as follows:

- (i) The RRPT is intended to meet the business needs of the MClean Group at the best possible terms. The RRPT is entered into at arms' length basis and undertaken at the prevailing prices and market rates which are based on normal commercial terms consistent with MClean Group's usual business practices and policies and on terms which are not more favourable to the Related Parties than those generally available to the public.
- (ii) The Proposed Mandate will enhance the MClean Group's ability to pursue business opportunities, which may be of time-sensitive in nature and it may not be practical to seek shareholders' approval on a case-by-case basis before entering into such transactions.
- (iii) The transaction between the Related Parties allow the MClean Group to be more efficient at utilising its existing resources, prompt delivery and better bargaining power from customers.
- (iv) The Proposed Mandate will eliminate the need to make regular announcements and/or convene numerous general meetings (including incurring such associated expenses) to specifically approve such transactions as and when they are entered into, thereby substantially reducing administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of MClean Group or adversely affecting the business opportunities available to MClean Group.
- (v) The nature of the RRPT as described in Section 2.3 above are general transactions entered into by MClean Group relating to the provision of or obtaining from the Related Parties (as identified in Section 2.3 of this Circular), products and services in the ordinary course of MClean Group's business. The nature of the RRPT allows MClean Group to be more competitive as the Related Parties have the necessary expertise to provide the products and services which are needed for the operations of MClean Group.

## 6. AMOUNTS DUE AND OWING TO MCLEAN GROUP BY RELATED PARTIES

As at 31 December 2020, there were no other outstanding amounts owed to MClean Group by the transacting parties involved in the Proposed Mandate, save for the following:

Company in MClean Group	Transacting parties	Principal Sums (RM)	Late payment interest (RM)	Amounts due/(owing)			
				≤ 1 year (RM)	> 1 year to 3 years (RM)	> 3 years to 5 years (RM)	> 5 years (RM)
DWZ	Decor Industries	82,276	-	82,276	-	-	-
MTPL	JCS Biotech	41,667	-	41,667	-	-	-
MTPL	DW Clean Tech	-	-	-	-	-	-
MTPL	HuiTech	(108,483)	-	-	(108,483)	-	-

There is no late payment charges imposed on the amount due, as decided by the Board. Transacting parties are viewed as a long-term business counter-party given that the RRPT between transacting parties are already in place for efficient business operations. The management of MClean is constantly following up with Decor Industries and JCS Biotech on the early settlement of the outstanding amounts. The Board has reviewed the outstanding amounts and is of the opinion that they are recoverable and repayable. As at the LPD, the outstanding amount due from Decor Industries to DWZ (arising from surface treatment and finishing services provided by DWZ to Decor Industries) is RM28,169, the amount due from JCS Biotech to MTPL (arising from cleanroom packaging services provided by MTPL to JCS Biotech) is RM41,667, the amount due from MTPL to DW Clean Tech (arising from turnkey parts supply by DW Clean Tech to MTPL for the moulding, “stamping to contract” assembling and packaging stages which allows MTPL to offer such one-stop service through its network of contractors and service providers) is RMNIL, the amount due from MTPL to HuiTech (arising from purchase of surface treatment and precision cleaning machineries by MTPL from HuiTech for expansion of MTPL’s precision cleaning business in Thailand.) is RMNIL.

## **7. DIRECTORS’ STATEMENT AND RECOMMENDATION**

The Board (save for the Interested Directors in respect of the relevant resolutions to approve RRPT involving their interests as set out in Section 3 of this Circular who hence expressed no opinion thereon) is of the opinion that the Proposed Mandate is in the best interest of the MClean Group, after having considered all aspects of the Proposed Mandate. Accordingly, the Board (save for the Interested Directors) recommends that you vote **in favour** of the ordinary resolution pertaining to the Proposed Mandate at the forthcoming 11th AGM.

## **8. STATEMENT OF AUDIT COMMITTEE**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPT are appropriate to ensure that the RRPT are within the limits approved pursuant to the Proposed Mandate.

The Audit Committee (save for Yeo Seow Lai being an Interested Director) has seen and reviewed the terms of the Proposed Mandate and is satisfied that the MClean Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and these procedures and processes are reviewed on a quarterly basis.

The Audit Committee is of the view that the procedures as set out in Section 4.3 above are sufficient to ensure that the RRPT are carried out:

- (i) at arms’ length and in accordance with the Group’s normal commercial terms;
- (ii) on terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iii) are not to the detriment of the minority shareholders.

Any member of the Audit Committee who is interested in any RRPT has not and shall not be involved in the review and deliberation of the relevant RRPT.

## **9. APPROVAL REQUIRED**

The approval for the Proposed Mandate will be sought from the shareholders of MClean at the 11th AGM to be convened.

## 10. AGM

The Company's 11th AGM, the Notice of which is accompanying this Circular, will be conducted entirely through live streaming from the broadcast venue at **Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia on Thursday, 27 May 2021 at 10.00.a.m.** for the purpose of considering and if thought fit, passing the Ordinary Resolution to give effect to the Proposed Mandate.

If you are unable to attend and vote in person at the 11th AGM of the Company, you may send a proxy by completing, signing and returning the enclosed Form of Proxy set out in 2020 Annual Report of the Company, in accordance with the instructions printed thereon, as soon as possible so as to arrive at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than forty eight (48) hours before the time set for holding the 11th AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

## 11. FURTHER INFORMATION

You are advised to refer to the Appendix I set out in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board  
**MCLEAN TECHNOLOGIES BERHAD**

**Datuk Wira Mark William Ling Lee Meng**  
Senior Independent Non-Executive Director

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**FURTHER INFORMATION (CONT'D)**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACTS**

As at the LPD, the Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Group) during the 3 years immediately preceding the date of this Circular other than the following:

- (a) on 31 July 2019, MTM entered into a Sale and Purchase Agreement (“SPA”) with DWZ for the acquisition of land area of 14,402 sq. ft. held under Geran 136488, Lot 111435, Mukim Plentong, District of Johor Bahru, State with one unit of semi-detached factory with Mezzanine Floor, bearing postal address of No. 12 Jalan Maju 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor for a total purchase price of RM2.5 million;
- (b) on 16 August 2019, MTPL entered into a lease contract with DBS Trustee Limited as Trustee of Mapletree Industrial Trust to rent a factory at 2 Woodlands Sector 1 #01-22 Singapore 738068 for 2 years, commencing from 1 September 2019 at a monthly rental of SGD57,791.04;
- (c) on 2 August 2019, MTM entered into a tenancy agreement with Tey Tiong Kheng (NRIC No. 650819-01-5273) to rent a 1 ½ storey semi-detached factory bearing the address of No. 11, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor for 2 years, commencing from 1 August 2019 at a monthly rental of RM11,000.00;
- (d) on 20 December 2019, MTM entered into a tenancy agreement with William Cheng (Singapore Passport No. S0086971F) to rent a 1 ½ storey semi-detached factory bearing the address of No. 32, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor for 3 years, commencing from 1 January 2020 at a monthly rental of RM7,000.00;
- (e) on 20 December 2019, MTM entered into a tenancy agreement with William Cheng (Singapore Passport No. S0086971F) to rent a 1 ½ storey semi-detached factory bearing the address of No. 34, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor for 3 years, commencing from 1 January 2020 at a monthly rental of RM7,000.00;
- (f) on 30 March 2020, MTWCL entered into a tenancy agreement with Wuxi Xufeng Property Management Co Ltd (无锡叙丰物业管理有限公司) to rent a factory at Block 11-1, No. 1 XiKun Road Wuxi, New District, Wuxi JiangSu, China 214028 for 3 years, commencing from 1 April 2020 at a monthly rental of RMB109,694.00;
- (g) on 30 October 2020 the Company entered into an Indemnity Agreement with Decor Industries Pte. Ltd. (Company No. 198701644C) (“Decor”) in relation to the compensation settlement arising from the Petronas Gas Berhad's case; and

**FURTHER INFORMATION (CONT'D)**

- (h) on 7 January 2021, MTTCL entered into a lease contract with Nava Nakorn Public Company Limited to lease a land with factory area of 2,000 square meters bearing the address of 999/3 Moo 1 Mittraphap Road, Tambol Naklang, Amphur Soongnuen, Changwat Nakornratchasima 30380 for 3 years, commencing from 1 February 2021 at a monthly rental of THB180,000.00 for first 6 months and THB250,000.00 for the remaining 30 months.

**3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, the Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, which may materially affect the financial position of the Group.

**4. MATERIAL COMMITMENTS**

As at the LPD, save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred by the Company or the Group, which may materially affect the financial position of the Group:

<b>Material commitments</b>	<b>As at the LPD (RM' 000)</b>
Capital commitment for office equipment, electrical fittings and furniture fittings	41

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor during normal business hours from 8.30a.m. to 5.30 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming 11th AGM:

- (i) the Company's Constitution;
- (ii) the audited consolidated financial statements of the MClean Group for FYE 31 December 2019 and FYE 31 December 2020; and
- (iii) the material contracts referred to in Section 2 of this Appendix.

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