**MCLEAN TECHNOLOGIES BERHAD (“MCLEAN” OR THE “COMPANY”)**

**PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

1. **INTRODUCTION**

The Board of Directors of MClean (“**Board**”) wishes to announce that the Company intends to seek its shareholders’ mandate for RRPT at its Extraordinary General Meeting (“**EGM**”) to be held immediately after its 8th Annual General Meeting (“**AGM**”), including for new RRPT between MClean’s subsidiary MClean Technologies Pte Ltd (“**MTPL**”) and DW Clean Tech Pte Ltd (“**DW Clean Tech**”), Hui Technologies Pte Ltd (“**HuiTech**”) as well as M&F Packaging and Processing Sdn Bhd (“**M&F**”).

1. **BACKGROUND INFORMATION**

**Information on MTPL**

MTPL was incorporated in the Republic of Singapore on 5 December 2003 under the Companies Act of Singapore. MTPL is principally involved in the provision of precision cleaning, assembly services, and other related services to hard disk drive industry and sale of module relating to technical assembly services as well as provision of clean bulk packing services and its services.

As at 16 April 2018, being the latest practicable date prior to this announcement (“**LPD**”), MTPL has an issued share capital of Singapore Dollars (“**SGD**”)1,000,000 comprising 1,000,000 ordinary shares. MTPL is a wholly-owned subsidiary of MClean Precision Pte Ltd which in turn is wholly-owned by MClean. The directors of MTPL are Yeo Hock Huat and Chow Kok Meng, Bert.

**Information on DW Clean Tech**

DW Clean Tech was incorporated in the Republic of Singapore on 12 August 2015 under the Companies Act of Singapore. DW Clean Tech is principally involved in the manufacturing of metal precision components.

As at the LPD, DW Clean Tech has an issued share capital of SGD 1,000,000 comprising 1,000,000 ordinary shares. The directors of DW Clean Tech are Lim Han Kiau and Lim Minhan. The shareholders of DW Clean Tech are Decowell Industries Pte Ltd and Lim Minhan.

**Information on HuiTech**

HuiTech was incorporated in the Republic of Singapore on 24 April 2006 under the Companies Act of Singapore. HuiTech is principally involved in the manufacturing and repairing of machinery and equipment.

As at the LPD, HuiTech has an issued share capital of SGD 100,000 comprising 100,000 ordinary shares. The director of HuiTech is Yeo Chee Beng. The shareholders of HuiTech are Yu Ming, Yeo Hock Huat and Yeo Chee Beng.

**Information on M&F**

M&F was incorporated in Malaysia on 7 March 2018 under the Companies Act 2016 (“**Act**”). M&F is principally involved in the provision of manufacturing and packaging of food related products.

As at the LPD, M&F has an issued share capital of Ringgit Malaysia (“**RM**”)100 comprising 100 ordinary shares. The director of M&F is Law Fah Soon. The shareholder of M&F is Yeo Hock Huat.

1. **DETAILS OF NEW RRPT**

The details of the new RRPT are as follows:

| **Company in MClean Group** | **Transacting party** | **Interested related parties** | **Nature of relationships** | **Nature of transactions** | **Estimated transaction value# from date of EGM/ 8th AGM to date of 9th AGM** |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **(RM)** |
| MTPL | DW Clean Tech | Lim Han Kiau, Decor Industries Pte Ltd, DGC Holdings Pte Ltd | Lim Han Kiau is a Director of MClean, and DW Clean Tech. Lim Han Kiau is also the controlling shareholder of DGC Holdings Pte Ltd.  DGC Holdings Pte Ltd is the sole shareholder of Decor Industries Pte Ltd.  Decor Industries Pte Ltd is a major shareholder of MClean.  Lim Minhan is Lim Han Kiau’s son and a director and a shareholder of DW Clean Tech.  Decor Industries Pte Ltd is the sole shareholder of Decowell Industries Pte Ltd.  Decowell Industries Pte Ltd, is a controlling shareholder of DW Clean Tech. | Provision of turnkey parts supply by DW Clean Tech to MTPL for the moulding, “stamping to contract” assembly and packaging stages which allows MTPL to offer such one**-**stop service through its network of contractors and service providers. | Up to RM20.0 million  (in SGD equivalent) |
| MTPL | HuiTech | Yeo Hock Huat, JCS Group Pte Ltd, Yeo Seow Lai | Yeo Hock Huat is a director of MClean and MTPL.  Yeo Hock Huat is also the controlling shareholder of MClean, JCS Group Pte Ltd and HuiTech.  Yeo Seow Lai is Yeo Hock Huat’s sister. | Purchase of machineries by MTPL from HuiTech for expansion of MTPL’s precision cleaning business in Thailand. | Up to RM3.0 million  (in SGD equivalent) |
| MTPL | M&F | Yeo Hock Huat, JCS Group Pte Ltd, Yeo Seow Lai | Yeo Hock Huat is a director of MClean.  Yeo Hock Huat is also the controlling shareholder of MClean, JCS Group Pte Ltd and M&F.  Yeo Seow Lai is Yeo Hock Huat’s sister. | Subcontract for packaging services by M&F to MTPL which allows MTPL to undertake cleanroom packaging of non-hard disk drive industries products such as medical sanitisation spray and health food processing. | Up to RM5.5 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 its shareholders’ mandate for the new RRPT to be undertaken from the date of the upcoming 8th AGM to the date of the 9th AGM.

The summary of the new RRPT are as follows:

**NEW RRPT**

**MTPL** and DW Clean Tech

**MTPL** and HuiTech

**MTPL** and M&F

1. **RATIONALE**

The purchase of respective turnkey parts, machineries and packaging products by MTPL from DW Clean Tech, HuiTech and M&F respectively, are of a revenue or trading nature, and are necessary for MClean and its group of companies’ (“**MClean Group**”) day-to-day operations and are within 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.

The purchase of packaging products will be made from M&F due to M&F’s specialisation in the packaging of products which is pertinent to the MClean Group due to MClean Group’s limited capacity of production as well as M&F being a cheaper alternative as M&F is operating in the state of Johore, Malaysia.

MClean has also considered the reputations DW Clean Tech, HuiTech and M&F in offering competitive pricing and after-sales service.

The RRPT are intended to meet the business needs of the MClean Group on the best practical terms. The RRPT will be entered into on an arms’ length basis at prevailing prices and market rates based on normal commercial terms. These terms are consistent with MClean Group’s usual business practices and policies and are not more favourable to the related party than those generally available to the public.

The Board intends to seek its shareholders’ approval for the RRPT with DW Clean Tech, HuiTech and M&F for the period commencing from the date of the 8th AGM to the date of the 9th AGM.

1. **INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of the other Directors and major shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Shareholders’ Mandate:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Direct** | | **Indirect** | |
| **As at the LPD** | **No. of MClean Shares** | **%** | **No. of MClean Shares** | **%** |
| **Interested directors** |  |  |  |  |
| Lim Han Kiau | 80,000 | 0.04 | 56,785,000(1) | 31.76 |
| Yeo Hock Huat | 26,117,000 | 14.61 | 39,748,004(2) | 22.23 |
| Yeo Seow Lai | 600,062 | 0.34 | 26,517,000(3) | 14.83 |
|  |  |  |  |  |
| **Interested major shareholders** |  |  |  |  |
| Decor Industries Pte Ltd | 56,378,000 | 31.54 | - | - |
| JCS Group Pte Ltd | 38,747,942 | 21.67 | - | - |
| DGC Holdings Pte Ltd | - | - | 56,378,000(4) | 31.54 |
|  |  |  |  |  |

*Notes:*

1. *Deemed interested by virtue of his own shareholding in Decor Industries Pte Ltd, and shareholding of his sister (Lim Choon Geok) in MClean, 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.*

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, HuiTech and M&F. He, being an interested director (“**Interested Director**”) in relation to the Proposed Shareholders’ Mandate, has accordingly abstained and will continue to abstain from all deliberations and voting at Board meetings pertaining to the Proposed Shareholders’ Mandate and he will also abstain from voting in respect of his direct and indirect shareholdings on the resolutions pertaining to the Proposed Shareholders’ Mandate at the forthcoming EGM. He has also undertaken to ensure that any persons connected with him will abstain from voting on the resolutions pertaining to the Proposed Shareholders’ Mandate at the forthcoming EGM.

Yeo Seow Lai is a Director of MClean. She, being an Interested Director in relation to the Proposed Shareholders’ Mandate, has accordingly abstained and will continue to abstain from all deliberations and voting at Board meetings pertaining to the Proposed Shareholders’ Mandate and she will also abstain from voting in respect of her direct and indirect shareholdings on the resolutions pertaining to the Proposed Shareholders’ Mandate at the forthcoming EGM. 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 resolutions pertaining to the Proposed Shareholders’ Mandate at the forthcoming EGM.

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

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

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 Shareholders’ Mandate and will abstain from voting, in respect of their direct and indirect shareholdings, on the resolutions pertaining to the Proposed Shareholders’ Mandate at the forthcoming EGM.

Accordingly, the Interested Directors and the Interested Major Shareholders will abstain and have undertaken to ensure that any persons connected with them will abstain, from voting in respect of their direct and indirect shareholdings on the resolutions pertaining to the Proposed Shareholders’ Mandate at the forthcoming EGM.

The summary of the related parties pursuant to the Proposed Shareholders’ Mandate are as follows:

Son

Siblings

100%

100%

53%

31.54%

95%

100%

21.67%

14.61%

Decor Industries Pte Ltd

M&F Packaging and Processing Sdn Bhd

**INTERESTED MAJOR SHAREHOLDERS**

Decowell Industries Pte Ltd

Hui Technologies Pte Ltd

JCS Group Pte Ltd

DGC Holdings Pte Ltd

100%

100%

5%

DW Clean Tech Pte Ltd

*Lim Han Kiau and his son, Lim Minhan are the directors of DW Clean Tech Pte Ltd*

Lim Han Kiau

*Chief Executive Officer*

**INTERESTED DIRECTORS**

Yeo Hock Huat

*Executive Chairman*

Yeo Seow Lai

*Non-Independent Non-Executive Director*

Lim Minhan

1. **APPROVAL REQUIRED**

At the forthcoming EGM, the Company will seek the Proposed Shareholders’ Mandate for the RRPT set out in this announcement as well as for any other RRPT to be proposed by the Company. Details will be set out in the Company’s circular to its shareholders which will be despatched in due course.

1. **DIRECTORS’ RECOMMENDATION**

The Board (save for Yeo Hock Huat, Lim Han Kiau and Yeo Seow Lai who are all Interested Directors) is of the opinion that the RRPT are in the best interest of the MClean Group, after having considered all aspects of the RRPT.

1. **STATEMENT BY THE AUDIT COMMITTEE**

The Audit Committee, having considered all aspects of the RRPT, is of the view that the RRPT are fair, reasonable and on normal commercial terms, are in the best interest of the Company and are not detrimental to the interest of the minority shareholders of the Company.

This announcement is dated 27 April 2018.