

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 adviser immediately.

Bursa Malaysia Securities Berhad has not perused this Circular except in respect of the new shareholders' mandate for Recurrent Related Party Transactions of this Circular on a limited review basis pursuant to the provision of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prior to the issuance of this Circular. Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Shareholders of DRB-HICOM Berhad should rely on their own evaluation to assess the merits and risks of the Proposed Shareholders' Mandate.



DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The resolution in respect of the Proposed Shareholders' Mandate will be tabled as Special Business at the 30th Annual General Meeting ("AGM") of DRB-HICOM Berhad ("DRB-HICOM"). The 30th AGM of the Company will be held on a fully virtual basis at the Broadcast Venue, and shareholders will be able to participate by audio and/or video capabilities only. The Notice of the 30th AGM of the Company together with the Form of Proxy, Administrative Guide and this Circular are available online at the Company's website <https://www.drb-hicom.com/investors/agm2020>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely.

As a shareholder, in the event you wish to appoint a proxy, please complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. The completed Form of Proxy must be deposited at the office of the Share Registrar of DRB-HICOM, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan (Tel: 603-7890 4700), not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the Form of Proxy shall not be treated as valid. Alternatively, the Form of Proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my before the proxy form lodgement cut-off time as mentioned above. Please refer to the Administrative Guide for further details.

Date and time of the 30th AGM : Wednesday, 22 July 2020 at 10.00 a.m.

Broadcast Venue of the 30th AGM Boardroom, Level 6, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan

DEFINITIONS

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

“Annual Report FPE 31 December 2019”	:	Annual Report of the Company for the financial period ended 31 December 2019
“Act”	:	Malaysian Companies Act 2016, as amended from time to time including any re-enactment thereof
“AGM”	:	Annual General Meeting
“Alam Flora”	:	Alam Flora Sdn Bhd
“Alam Flora Group”	:	Alam Flora and its group of companies
“BMMB”	:	Bank Muamalat Malaysia Berhad
“Board” or “Director”	:	Board of Directors of DRB-HICOM and Director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six months of the date on which terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company, or a chief executive officer of the Company, its subsidiary companies or holding company.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Compounding & Colouring”	:	Compounding & Colouring Sdn Bhd
“DRB-HICOM” or the “Company”	:	DRB-HICOM Berhad
“DRB-HICOM Group” or the “Group”	:	DRB-HICOM and its subsidiary companies
“DHAS”	:	DRB-HICOM Auto Solutions Sdn Bhd
“DHES”	:	DRB-HICOM Environmental Services Sdn Bhd
“EMOS”	:	Edaran Modenas Sdn Bhd
“EON”	:	Edaran Otomobil Nasional Berhad
“EON Group”	:	EON and its subsidiary companies
“EPF”	:	Employees Provident Fund Board
“Etika Strategi”	:	Etika Strategi Sdn Bhd
“Geely”	:	Zhejiang Geely Holding Group Co., Ltd
“Geely Group”	:	Geely and its group of companies
“Gas Malaysia”	:	Gas Malaysia Berhad
“HTS”	:	HICOM-Teck See Manufacturing Malaysia Sdn Bhd
“HHBPO”	:	HICOM HBPO Sdn Bhd
“HAMM”	:	HICOM Automotive Manufacturers (Malaysia) Sdn Bhd

DEFINITIONS *(cont'd)*

“Islamic Arts”	:	Islamic Arts Museum Shop Sdn Bhd
“KHI”	:	Kawasaki Heavy Industries Ltd
“MMLR”	:	Main Market Listing Requirements of Bursa Securities, including any Practice Note(s) issued in relation thereto
“LPD”	:	27 May 2020, being the latest practicable date prior to the date of this Circular
“Major Shareholder”	:	<p>A person who has an interest or interests in one or more voting shares in a corporation and the number and aggregate number of those shares, is:-</p> <p>(a) 10% or more of the total number of the voting shares in the corporation; or</p> <p>(b) 5% or more of the total number of the voting shares in the corporation where such person is the largest shareholder of the corporation.</p> <p>For the purposes of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act. The Major Shareholder shall also include any person who is and was within the preceding six months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of a company or any other company which is its subsidiary or holding company.</p>
“Media Prima”	:	Media Prima Berhad
“Media Prima Group”	:	Media Prima and its group of companies
“MMC”	:	MMC Corporation Berhad
“MMC Group”	:	MMC and its group of companies
“Malakoff”	:	Malakoff Corporation Berhad
“Malakoff Group”	:	Malakoff and its group of companies
“MODENAS”	:	Motosikal Dan Enjin Nasional Sdn Bhd
“MODENAS Group”	:	Motosikal Dan Enjin Nasional Sdn Bhd and its wholly-owned subsidiary, Edaran Modenas Sdn Bhd
“Northport”	:	Northport (Malaysia) Berhad
“Net2one”	:	Net2one Sdn Bhd
“Proposed Mandate Period”	:	The period commencing immediately upon the passing of the Ordinary Resolution for the Proposed Shareholders’ Mandate at the forthcoming AGM of the Company and ending at:-

DEFINITIONS *(cont'd)*

- (a) the conclusion of the next AGM of the Company (following the general meeting at which the Proposed Shareholders' Mandate is passed), at which time it shall lapse unless by an ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM 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) revocation or variation of the Proposed Shareholders' Mandate by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earliest.

"Person Connected" : In relation to any person (referred to as "said Person") means such person who falls under any one of the following categories:-

- (a) a family member of the said Person;
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person or a family member of the said Person, is the sole beneficiary;
- (c) a partner of the said Person;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the said Person, or persons connected with the said Person 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
- (g) a body corporate which is a related corporation of the said Person.

"Padiberas" : Padiberas Nasional Berhad

"Padiberas Group" : Padiberas and its group of companies

"Prism Security" : Prism Security Management Sdn Bhd

"Prism Protection" : Prism Protection Services Sdn Bhd

"PROTON" : PROTON Holdings Berhad

"PROTON Group" : PROTON and its subsidiary companies

"PONSB" : Perusahaan Otomobil Nasional Sdn Bhd

DEFINITIONS *(cont'd)*

“Proposed Shareholders’ Mandate”	:	Proposed renewal of shareholders’ mandate for existing recurrent related party transactions and Proposed new shareholders’ mandate for additional recurrent related party transactions which are in the ordinary course of business of the DRB-HICOM Group
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“Recurrent Related Party Transaction(s) (RRPTs)”	:	Related Party Transaction(s) which is recurrent of a revenue, or trading nature, and which is necessary for the day-to-day operations of the DRB-HICOM Group.
“Related Party(ies)”	:	A Director, Major Shareholder or Person Connected with such Director, or Major Shareholder. For the purpose of this definition, “Director” and “Major Shareholder” shall have the meaning given in Paragraph 10.02 of the MMLR.
“Share(s)”	:	Ordinary share(s) in the Company
“Spark Manshop”	:	Spark Manshop Holdings Sdn Bhd
“Spark Manshop Group”	:	Spark Manshop Holdings Sdn Bhd and its group of companies
“Souq”	:	Souq Realty Sdn Bhd
“Teck See Plastic”	:	Teck See Plastic Sdn Bhd
“Tradewinds”	:	Tradewinds (M) Berhad
“Tradewinds Group”	:	Tradewinds and its group of companies
“TCB”	:	Tradewinds Corporation Berhad
“TCB Group”	:	TCB and its group of companies
“Tradewinds Plantation”	:	Tradewinds Plantation Berhad
“Tradewinds Plantation”	:	Tradewinds Plantation and its group of companies
“Tradewinds Travel”	:	Tradewinds Travel Services Sdn Bhd
“Tradewinds International Insurance Brokers”	:	Tradewinds International Insurance Brokers Sdn Bhd
“TSSM”	:	Tan Sri Dato’ Seri Syed Mokhtar Shah Syed Nor

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DRB-HICOM BERHAD

Registration No.199001011860 (203430-W)

(Incorporated in Malaysia)

Registered office:Level 5, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8
Section U1, 40150 Shah Alam
Selangor Darul Ehsan

24 June 2020

Board of Directors:Dato' Mohammad Zainal Shaari (*Chairman, Non-Independent Non-Executive Director*)Dato' Sri Syed Faisal Albar Syed A.R Albar (*Group Managing Director*)Datuk Ooi Teik Huat (*Senior Independent Non-Executive Director*)Dato' Ibrahim Taib (*Independent Non-Executive Director*)Datuk Idris Abdullah @ Das Murthy (*Independent Non-Executive Director*)Sharifah Sofia Syed Mokhtar Shah (*Non-Independent Non-Executive Director*)

Dear Shareholders,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

- 1.1 At the 29th AGM of the Company held on 12 September 2019, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiary companies to enter into RRPTs as disclosed in the preceding year's Circular to Shareholders dated 31 July 2019 ("2019 Shareholders' Mandate"). The 2019 Shareholders' Mandate shall, in accordance with the MMLR, expire on 30 June 2020. The Company will seek approval from its shareholders for the renewal of the 2019 Shareholders' Mandate at the forthcoming 30th AGM.

In addition to the renewal of the 2019 Shareholders' Mandate, the Company will also be seeking a new shareholders' mandate for the DRB-HICOM Group to enter into additional RRPTs with its Related Parties.

- 1.2 The Company had received the approval dated 20 June 2007 in respect of RRPTs involving the interest of EPF from Bursa Securities, following the application made by DRB-HICOM, seeking a waiver for DRB-HICOM Group from having to comply with paragraphs 10.08 and/or 10.09 of MMLR in respect of RRPTs involving companies in which EPF ("Investor") and/or funds managed by Investor is interested, subject to the condition that all such transactions must be on normal commercial terms and on terms not more favourable to the investee companies of the Investor than those generally available to the public and are not to the detriment of minority shareholders of DRB-HICOM.

The application for general exemption in respect of the above was made to Bursa Securities on the following grounds:-

- (a) Obstacle encountered by DRB-HICOM as the broad-based investment portfolios of the Investor would give rise to a high probability of various transactions undertaken or entered into by the relevant companies within the Group falling under the ambit of related party transactions under the MMLR, only because of the interest of the Investor. Hence, it would

necessitate on a continuous basis, a high volume of administrative and compliance efforts, to the extent of disrupting the normal business operations of the Group.

- (b) Obstacles on the part of the Investor, in particular, the Investor is under no obligation to disclose its interests in companies under their investment to DRB-HICOM and the difficulties on their part to compile the relevant information required by DRB-HICOM in view of the extensive number of companies under their investment, which necessitate constant monitoring.

In the event that the shareholding of EPF exceeds 10% of all voting shares of DRB-HICOM, the Company will not need to seek shareholders' mandate in view of the waiver granted by Bursa Securities.

- 1.3 The purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate and to seek your approval for the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 30th AGM. An extract of the Notice of the 30th AGM is enclosed in this Circular for your ease of reference.

The Proposed Shareholders' Mandate, if approved, will take effect from the date of passing of the Ordinary Resolution relating thereto at the 30th AGM and shall continue to be in force until the conclusion of the next AGM of the Company unless the authority for the renewal is obtained from the shareholders at its subsequent AGM.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING 30TH AGM.

2. DETAILS

2.1 Proposed Shareholders' Mandate

In compliance with Paragraph 10.09 of MMLR, the Company proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate which will apply to the RRPTs as set out in Section 2.2.3 below respectively. The RRPTs are of a revenue or trading nature which are necessary for the day-to-day operations of DRB-HICOM Group subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public; and
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the Company of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of MMLR.

The Proposed Shareholders' Mandate if approved by shareholders at the forthcoming AGM of the Company, will be subject to annual renewal. In this respect, any authority conferred following the Proposed Shareholders' Mandate shall only continue to be in force until:-

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

whichever is the earliest.

The Proposed Shareholders' Mandate, shall apply in respect of all RRPTs, as set out in Section 2.2.3 below, to be entered into by DRB-HICOM Group during the Proposed Mandate Period. Thereafter, approval from the shareholders for a renewal of the mandate may be sought at each subsequent AGM of DRB-HICOM.

In making the disclosure of the aggregate value of the RRPTs conducted pursuant to the Proposed Shareholders' Mandate where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of MMLR, the Company will provide a breakdown of the aggregate value of the RRPTs made during the financial year in the Company's Annual Report FPE 31 December 2019 based on the type of the RRPTs made and the names of the Related Parties involved in each type of the RRPTs made and their relationships with the Group.

When the aggregated actual value of the RRPTs entered into with the Related Parties within the same group exceeds the aggregated estimated value of such RRPTs as disclosed in this Circular by 10% or more, the Company will make an immediate announcement, which will include the information as may be prescribed, to Bursa Securities.

2.2 Details of the Proposed Shareholders' Mandate

2.2.1 Principal Activities of DRB-HICOM Group

The principal activity of the Company is an investment holding company. Its subsidiary companies provide wide range of businesses comprising automotive (including defence and composite manufacturing), services (including integrated logistics, banking and postal businesses) and properties segments. There was no significant change in these activities during the financial year.

The details of the principal activities of the companies in the Group as described in note 3 to the financial statements are available in the DRB-HICOM's Annual Report FPE 31 December 2019.

2.2.2 Class of Related Parties

The Proposed Shareholders' Mandate will apply to transactions to be entered into by DRB-HICOM Group which involves the interest, direct or indirect, of Related Parties. Details of the Related Parties are as follows:-

Transacting Related Party	Principal Activities	Nature of Relationship
Alam Flora	Provision of integrated solid waste collection and public cleansing management services	An indirect 97.37% owned company of Malakoff
Altel Communications Sdn Bhd ("Altel")	Provision of network facilities, network services and applications services, mainly in the provision of public cellular and mobile internet services	A company in which TSSM is an indirect Major Shareholder
Compounding & Colouring	Wholesale Trade Plastics Product Manufacturing	A related corporation of Teck See Plastic, a 49% major shareholder of HTS
Gas Malaysia	Selling, marketing and promotion of natural gas to the industrial, commercial and residential sectors as well as construct and operate the Natural Gas Distribution System in Peninsular Malaysia	A 30.93% indirect associated company of MMC
Geely	Core business activities are within the automotive industry	A 49.9% shareholder of PROTON

Transacting Related Party	Principal Activities	Nature of Relationship
HBPO GmbH	Manufactures, develops, assembles, and provides logistics of front-end modules for vehicle manufacturers	A 40% shareholder of HHBPO
Islamic Arts	Business of all kinds of gifts and souvenirs	A company owned by Persons Connected to TSSM
KHI	Business of developing, manufacturing, assembling, exporting, selling, trading, designing, engineering, styling, marketing and distributing various types of Kawasaki brand motorcycles, all-terrain vehicles, utility vehicles and personal watercraft, including parts and spares	A 30% shareholder of MODENAS
Malakoff	Investment holding activities. The subsidiary companies of Malakoff are principally involved in providing independent power generation business in Malaysia, independent water production and power generation business outside Malaysia, development of renewable energy projects, operation and maintenance business for power plants and water plants, electricity and chilled water distribution business and project management business, provision of integrated solid waste collection and management and public cleansing management service businesses.	A 38.45% associated company of MMC
Media Prima	Investment holding and the provision of management services to its subsidiary companies	A company in which TSSM is an indirect Major Shareholder
MMC	Investment holding, construction, mining and mineral exploration	A company in which TSSM is an indirect Major Shareholder
Net2one	Provision of fibre optic network transmission services, fixed and other network related services	A company in which TSSM is an indirect Major Shareholder
Northport	Management of a distribution centre with warehousing, storage and other associated facilities to support trading activities through Port Klang	A 99.1% owned indirect subsidiary company of MMC

Transacting Related Party	Principal Activities	Nature of Relationship
Padiberas	Procuring, collecting, processing, importing, purchasing, storing, packaging, distribution of rice, paddy and other grains which include activities such as seed production, paddy farming, paddy procurement, paddy processing, rice processing and rice storage, distribution and marketing of rice, research and development of paddy seeds, rice and related products and investment holding.	A company in which TSSM is an indirect Major Shareholder
Prism Protection	Investigation and security services	A 70% owned indirect subsidiary company of TCB
Prism Security	Selling security systems, providing training and consultancy services	A 100% owned indirect subsidiary company of TCB
PROTON	Investment holding and its subsidiary companies provide manufacturing, assembly and sales of motor vehicles and related products	A 50.1% owned subsidiary company of DRB-HICOM
Souq	Property Investment	A company in which TSSM is an indirect Major Shareholder
Spark Manshop	Investment holding	A company owned by a person connected to TSSM
Teck See Plastic	Investment holding, letting of property, plant and equipment and manufacture and distribution of plastic articles and products	A 49% major shareholder of HTS
Tradewinds	Provision of management services and investment holding	A company in which TSSM is an indirect Major Shareholder
TCB	Investment holding, provision of management services, commercial property investment and property development	A company in which TSSM is an indirect Major Shareholder
Tradewinds International Insurance Brokers	Insurance broker for direct insurance and reinsurance businesses	100% owned subsidiary company of TCB
Tradewinds Travel	Provision of travel related services	100% owned indirect subsidiary company of TCB
Tradewinds Plantation	Investment holding	A company in which TSSM is an indirect Major Shareholder

The details of the direct and indirect interests of the Directors and Major Shareholders and Person Connected with them in DRB-HICOM are indicated in Section 2.5 below.

2.2.3 Nature and Terms of the RRPTs

The RRPTs as set out below, are transactions to be entered into by the DRB-HICOM Group relating to the provision or the obtaining of products and/or services of a revenue or trading nature, which are necessary for the day-to-day operations in the ordinary course of business of the DRB-HICOM Group, to or from the Related Parties, under the Proposed Shareholders' Mandate:-

i) Proposed Renewal of Shareholders' Mandate

No.	DRB-HICOM and/or its subsidiary companies	Transacting related party	Nature of transaction	Estimated value as disclosed in the preceding year's Circular to Shareholders (RM'000)	Actual value transacted from 13 September 2019 to 27 May 2020 (RM'000)	Estimated aggregate value of transaction during the Proposed Mandate Period (RM'000)
1.	HTS	Teck See Plastic	Supply of automotive plastic components by Teck See Plastic to HTS	380	404	800
		Compounding & Colouring	Supply of raw materials by Compounding & Colouring to HTS ¹	329	855	2,200
			Total	709	1,259	3,000
2.	HHBPO	HBPO GmbH	Payment of development cost by HHBPO to HBPO GmbH	1,936	1,864	2,000
			Total	1,936	1,864	2,000
3.	PONSB	Geely Group	Provision of technical support, payment of royalties and supply of components for motor vehicles by Geely Group to PONSB	1,024,959	437,643	2,500,000
			Total	1,024,959	437,643	2,500,000
4.	BMMB	Islamic Arts	Purchase of all kinds of gifts and souvenirs by BMMB from Islamic Arts	250	89	250
	DHAS	Northport	Provision of management of port activities and port storage charges by Northport to DHAS	1,323	169	300
	EON Group	MMC Group	Supply of motor vehicles, accessories, spare parts and maintenance services by EON Group to MMC Group	250	46	250

No.	DRB-HICOM and/or its subsidiary companies	Transacting related party	Nature of transaction	Estimated value as disclosed in the preceding year's Circular to Shareholders (RM'000)	Actual value transacted from 13 September 2019 to 27 May 2020 (RM'000)	Estimated aggregate value of transaction during the Proposed Mandate Period (RM'000)
4.	(continued) EON Group	Tradewinds Plantation Group	Supply of motor vehicles, accessories, spare parts and maintenance services as well as leasing of motor vehicles by EON Group to Tradewinds Plantation Group	29,952	27,287	37,790
	DRB-HICOM Group	Media Prima Group	Provision of media-related businesses in television and out-of-home advertising by Media Prima Group to DRB-HICOM Group	1,500	1,355	5,000
		Prism Protection	Provision of investigation and security services by Prism Protection to DRB-HICOM Group	117	672 [#]	1,200
		Prism Security	Provision of selling security systems, providing training and consultancy services by Prism Security to DRB-HICOM Group	70	0	70
		Tradewinds International Insurance Brokers	Provision of insurance broker for direct insurance and reinsurance business by Tradewinds International Insurance Brokers to DRB-HICOM Group	3,894	1,911	3,500
		Tradewinds Travel	Provision of travel related services by Tradewinds Travel to DRB-HICOM Group	600	136	500

No.	DRB-HICOM and/or its subsidiaries	Transacting related party	Nature of transaction	Estimated value as disclosed in the preceding year's Circular to Shareholders (RM'000)	Actual value transacted from 13 September 2019 to 27 May 2020 (RM'000)	Estimated aggregate value of transaction during the Proposed Mandate Period (RM'000)
4.	(continued)	Gas Malaysia Group	Provision of supply of Natural Gas for production and testing of cars from Gas Malaysia Group to DRB-HICOM Group ²	5,413	4,054	10,000
	HICOM Berhad	Net2one	Provision of rental of data centre space by HICOM Berhad to Net2one ⁵	14	13	17
			Total	43,383	35,732	58,877
			Grand total	1,070,987	476,498	2,563,877

Note: # In determining whether the actual value of RRPT has exceeded the shareholders' mandate, listed issuers are allowed to use the aggregated estimated value for all transactions with the same related party as a single threshold, and the aggregated actual value must not exceed 10% of the aggregated estimated value.

ii) Proposed New Shareholders' Mandate

No.	DRB-HICOM and/or its subsidiaries	Transacting related party	Nature of transaction	Estimated aggregate value of transaction during the Proposed Mandate Period (RM'000)
1.	DRB-HICOM Group	Alam Flora Group ³	Provision of integrated solid waste management services, recycling, integrated facility management services and related services from Alam Flora Group to DRB-HICOM Group Provision of rental services i.e. buildings ⁵ , building service charges, motor vehicles, etc to Alam Flora Group by DRB-HICOM Group	21,500 2,800
2.	DRB-HICOM Group	MMC Group	Supply and leasing of machineries, motor vehicles and bins by DRB-HICOM Group to MMC Group	100,000

No.	DRB-HICOM and/or its subsidiaries	Transacting related party	Nature of transaction	Estimated aggregate value of transaction during the Proposed Mandate Period (RM'000)
3.	DRB-HICOM Group	PROTON Group	Supply of components and spare parts for motor vehicles and provision of importation services for Completely Knocked Down ("CKD") kits by DRB-HICOM Group to PROTON Group ⁴	700,000
4.	DRB-HICOM Group	Malakoff Group	Proposed development of rooftop solar photovoltaic project by Malakoff Group to DRB-HICOM Group	2,000
5.	DRB-HICOM Group	Souq	Provision of rental of Souq Commercial Centre including service charges by Souq to DRB-HICOM Group ⁵	303
			Total	826,603

Notes: 1) On 11 February and 11 June 2020, the Company made announcements that the actual value of the RRPT between HTS and Compounding & Colouring had exceeded the estimated value of RRPT disclosed in the Circular to Shareholders dated 31 July 2019 by more than 10%.

2) The Company disclosed the provision of supply of Natural Gas for production and testing of cars from Gas Malaysia to DRB-HICOM Group instead of individual companies such as HAMM and PROTON Group.

3) On 5 December 2019, DRB-HICOM had completed the disposal of Alam Flora Group to Tunas Pancar Sdn Bhd, a wholly-owned subsidiary company of Malakoff. Hence, all transactions between Alam Flora Group shall be new RRPTs to DRB-HICOM Group.

4) The Company is seeking for the proposed new shareholders' mandate for additional RRPT in respect of the supply of components and spare parts for new models of PROTON by DRB-HICOM Group to PROTON Group

5) The details of rental receivable are as follows:-

Company	Transacting Party	Address/Location	Description	Area	Period of tenancy/Rental rate
HICOM Berhad	Net2one (On 1 December 2019, Altel Communications novated the tenancy agreement to Net2one)	Suite 2.5, Level 2, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of data centre space	440 square feet	A period of one year and subject to renewal for a rental of RM1,400 per month

Company	Transacting Party	Address/Location	Description	Area	Period of tenancy/Rental rate
DRB-HICOM Berhad Group	Alam Flora Group	Suite 4.1, Level 4, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	13,100 Square feet	A period of less than three years and subject to renewal for a rental of RM45,850 per month
		Suite 4.2, Level 4, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	3,800 Square feet	A period of less than three years and subject to renewal for a rental of RM13,300 per month
		Suite 4.6, Level 4, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	427 Square feet	A period of less than three years and subject to renewal for a rental of RM1,494.50 per month
		Suite 2.4, Level 2, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	1,376 Square feet	A period of less than three years and subject to renewal for a rental of RM4,816 per month
		Suite 4.4B, Level 4, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	3,331 Square feet	A period of less than three years and subject to renewal for a rental of RM11,658.80 per month
		Suite 4.6B, Level 4, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	3,117 Square feet	A period of less than three years and subject to renewal for a rental of RM10,909.50 per month
		Suite 2.2, Level 2, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam	Rental of office space	5,734 Square feet	A period of less than three years and subject to renewal for a rental of RM20,069 per month
		Suite 2-2, Level 2, EON Head Office Complex, No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1, 40150 Shah Alam	Rental of office space	5,600 Square feet	A period of less than three years and subject to renewal for a rental of RM19,600 per month and service charges RM6,888 per month
		Suite 2-4, Level 2, EON Head Office Complex, No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1, 40150 Shah Alam	Rental of office space	6,200 Square feet	A period of less than three years and subject to renewal for a rental of RM21,700 per month

Company	Transacting Party	Address/Location	Description	Area	Period of tenancy/Rental rate
DRB-HICOM Group	Souq	Lot L4 Bazaar, Level 1, Souq Commercial Centre, AlBukhary Complex, Jalan Tun Abdul Razak, Alor Setar Kedah	Rental of building space	3,884 Square feet	A period of two years and subject to renewal for a rental of RM13,594 per month
		Level 1, Souq Commercial Centre, AlBukhary Complex, Jalan Tun Abdul Razak, Alor Setar kedah	Rental of building space	2,900 Square feet	A period of three years and subject to renewal for a rental of RM11,600 per month

iii) RRPTs Which Do Not Require Renewal of Shareholders' Mandate

No.	DRB-HICOM and/or its subsidiaries	Transacting related party	Nature of transaction	Estimated value as disclosed in the preceding year's Circular to Shareholders (RM'000)	Actual value transacted from 13 September 2019 to 27 May 2020 (RM'000)
1.	MODENAS Group**	KHI	Provision of technical support, payment of royalties, supply of completely knocked down components and spare parts for motorcycles by KHI to MODENAS Group	3,270	3,236
	MODENAS		Supply of components to KHI by MODENAS	11,814	10,209
			Total	15,084	13,445
2.	MODENAS Group	Altel Communications	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Altel Communications	21	0
		Tradewinds Plantation Group	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Tradewinds Plantation Group	58	0
		Tradewinds Group	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Tradewinds Group	48	0
		Padiberas Group	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Padiberas Group	21	0

No.	DRB-HICOM and/or its subsidiaries	Transacting related party	Nature of transaction	Estimated value as disclosed in the preceding year's Circular to Shareholders (RM'000)	Actual value transacted from 13 September 2019 to 27 May 2020 (RM'000)
3.	EON Group	TCB Group	Supply of motor vehicles, accessories, spare parts and maintenance services by EON Group to TCB Group	10	0
4.	DHES	MMC Group	Provision of Integrated Facility Management by DHES to MMC Group	3,417	1,122
5.	PROTON Group	Spark Manshop Group	Supply of corporate wear for top management from Spark Manshop Group to PROTON Group	11	0
			Total	3,586	1,122
			Grand Total	18,670	14,567

Note: ** With the disposal of 11% equity interest in MODENAS by the Company to KHI in 2019, MODENAS has been classified as a 70% joint venture of the Group. Hence, the Company had excluded the RRPTs between MODENAS Group and KHI.

2.2.4 Review of procedures on RRPTs

The Board has established and adopted review procedures to ensure that RRPTs are undertaken at an arm's length, on normal commercial terms consistent with the Group's normal business practices and policies which are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders, as follows:-

- (a) A list of Related Parties shall be circulated to the operating divisions and subsidiaries, for their reference in ensuring that all transactions with such Related Parties are undertaken on arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public. These include transacting at the prevailing market rates/prices of the service or product provider's usual commercial terms (including, where appropriate, preferential rates and discounts accorded for bulk purchases which are the same as those accorded for third-party bulk purchases), or otherwise in accordance with applicable industry norms.
- (b) Details of Related Parties are to be collated and updated twice yearly and they will be distributed to all accountants in the DRB-HICOM Group for monitoring purposes to enable the Company to assess whether the RRPT warrant any announcement and/or shareholders' approval in a timely manner. At the same time, the Group Internal Audit Division ("GIAD") will conduct reviews on RRPT at various operating companies during their course of audit.
- (c) The Company will maintain a record of RRPTs carried out pursuant to the Proposed Shareholders' Mandate. The Board Audit Committee ("BAC") will review the said record on a quarterly basis to ensure that they are within the mandated amount. Additionally, other RRPTs entered into by the DRB-HICOM Group with related parties that are outside the shareholders' mandate, are also to be reviewed.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, where possible, to determine whether the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by the public for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative price from unrelated third parties cannot be obtained as these relate to the purchase of specific components from the related parties who are also the providers of technology transfer, of which the said components are not available from other suppliers.

- (d) The annual internal audit plan shall incorporate a review of all RRPTs entered into to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.
- (e) Should the BAC during its review form an opinion that any RRPTs are not being conducted in accordance with established terms and procedures and/or are not being conducted on an arm's length basis and on normal commercial terms or are detrimental to the interest of minority shareholders, it shall advise the Board and the Board shall then deliberate on an appropriate course of action to take.
- (f) There are no specific thresholds for approval of RRPTs within the Group. However, all RRPTs are subject to the approval of the appropriate levels of authority set by the operating divisions.
- (g) The Board and the BAC shall continue to review the procedures as and when required, with the authority to delegate to individuals or committees within the Company as they deem appropriate.
- (h) All procurement to be undertaken by the Group are subject to the relevant procurement processes under the Group Procurement Policy.

The Board may at its discretion, adopt new review and disclosure procedures and/or amend the existing procedures to ensure that the RRPTs are at all times on terms consistent with the Group's usual business practices and policies.

Further, where any Director has an interest (direct or indirect) in any related party transaction, such Director shall abstain from deliberation and voting on the matter. Where any member of the Board Audit Committee is interested in any transaction, that member shall abstain from deliberation and voting on any matter relating to any decision to be taken by the Board Audit Committee in respect of such transaction. Pursuant to Practice Note 12 of the MMLR, in a meeting to obtain the Proposed Shareholders' Mandate, the interested Director, interested Major Shareholder or the Person Connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder shall abstain from voting on the resolution approving the RRPTs. An interested Director or interested Major Shareholder must also ensure that Person Connected with such Director or Major Shareholder abstain from voting on the resolution approving the transactions. Interested Directors shall also abstain from deliberating at board meetings in respect of the RRPTs in which they are interested. Disclosure will be made in the DRB-HICOM Annual Report FPE 31 December 2019 of the aggregate value of transactions transacted during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of MMLR. Shareholders' approval will be sought for the renewal of such mandate at subsequent AGM subject to a satisfactory review by the Board Audit Committee of its continued application to the RRPTs.

2.2.5 Excluded Transactions

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

2.3 Statement by the BAC

The BAC of DRB-HICOM has considered the review procedures mentioned in Section 2.2.4 above and is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, to ensure that all RRPTs will be undertaken on an arm's length basis and made in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public, and are not detrimental to the minority shareholders of the Company.

A review of the RRPTs procedures and processes by the BAC is carried out through internal audits conducted on the Group companies.

2.4 Rationale and Benefits of the Proposed Shareholders' Mandate

The rationale and benefits of the Proposed Shareholders' Mandate are as follows:

- 2.4.1 To facilitate transactions with Related Parties which are in the ordinary course of business of the Group, undertaken on arms' length basis, fair, reasonable and on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the interests of the minority shareholders.
- 2.4.2 To meet the business needs of the Group on the best possible terms as well as to explore beneficial business opportunities within the Group. The Group has had long-standing business relationships with the Related Parties and the close co-operation has reaped mutual benefits which are expected to continue to be beneficial to the business of the Group.
- 2.4.3 The necessity to make frequent announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur as required under the Listing Requirements will not arise. This will substantially reduce administrative time and expenses associated with the making of announcements or the convening of such meetings on an ad-hoc basis, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

2.5 Interest of Directors, Major Shareholders and Persons Connected with them

None of the other Directors, Major Shareholders nor Persons Connected with them, have any interest, direct or indirect, in the Proposed Shareholders' Mandate, save and except for the following:-

- (a) TSSM is an indirect Major Shareholder of the Company via his 90% shareholding in Etika Strategi, which in turn holds 55.92% equity interest in the Company as at the LPD;
- (b) Etika Strategi is a direct Major Shareholder of the Company via its 55.92% equity interest in the Company as at the LPD. TSSM holds 90% equity interest in Etika Strategi and hence, Etika Strategi is deemed a person connected to TSSM;
- (c) Sharifah Sofia Syed Mokhtar Shah ("SSSM") is the Non-Independent Non-Executive Director of the Company and a Director of Etika Strategi as well as daughter of TSSM and hence, SSSM is a person connected to TSSM; and
- (d) Dato' Mohammad Zainal Shaari ("DMZS") is the Chairman, Non-Independent Non-Executive Director of the Company and is a person connected to TSSM.

The interested Directors, namely DMZS and SSSM who are interested in the Proposed Shareholders' Mandate have abstained and will continue to abstain from deliberation and voting at Board Meetings of DRB-HICOM on the relevant resolutions pertaining to the Proposed Shareholders' Mandate.

The interested Major Shareholders, namely TSSM and Etika Strategi will abstain from voting on the resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM of the Company in respect of their direct and/or indirect shareholdings, if any.

The interested Directors and/or interested Major Shareholders named above have undertaken that they will ensure that the Persons Connected with them will abstain from voting on the resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM of the Company in respect of their direct and/or indirect shareholdings, if any.

The interested Directors do not hold any DRB-HICOM Shares as at the LPD. The shareholdings of the interested Major Shareholders in the Company as at the LPD are as follows:-

	Direct		Indirect	
	No. of DRB-HICOM Shares	%	No. of DRB-HICOM Shares	%
Etika Strategi	1,081,061,741	55.92	-	-
TSSM	-	-	1,081,061,741	55.92 ¹

Note: ¹Deemed interested by virtue of his interest in Etika Strategi pursuant to Section 8 of the Act.

2.6 Approval Required

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of the Company at the Company's forthcoming 30th AGM.

2.7 Mandated RRPTs which have exceeded 10% of the estimated value of transaction as disclosed in the Circular to Shareholders of the preceding year

On 11 February and 11 June 2020, the Company made announcements that the actual value of the RRPT between HTS and Compounding & Colouring had exceeded the estimated value of RRPT disclosed in the Circular to Shareholders dated 31 July 2019 by more than 10% due to additional purchase of raw materials from Compounding & Colouring.

2.8 Amounts Due and Owing to the DRB-HICOM Group by the Transacting Related Parties Pursuant to the RRPTs

The amount due and owing to the DRB-HICOM Group by the transacting related party as at 27 May 2020 pursuant to the RRPTs which have exceeded the credit term are as follows:-

DRB-HICOM and/or its subsidiaries	Transacting related party	Nature of Recurrent Related Party Transaction ("RRPT")	Outstanding RRPT Receivables as at 27 May 2020	Outstanding RRPT Receivables as at 27 May 2020 which exceeded the credit term for the following periods:-			
				One year or less	More than one to three years	More than three to five years	More than five years
				RM'000	RM'000	RM'000	RM'000
EON Group	Tradewinds Plantation Group	Supply of motor vehicles, accessories, spare parts, and maintenance services as well as leasing of motor vehicles by EON Group to Tradewinds Plantation Group	19,415	19,039	377	-	-
	MMC Group	Supply of motor vehicles, accessories, spare parts and maintenance services by EON Group to MMC Group	4	4	-	-	-

The Management is actively meeting and negotiating with the debtor for prompt settlement of the aforesaid outstanding amount including continuously following-up with reminder letters and if necessary, to stop transacting with the related party if the debts remain unsettled within a given timeline. However, the Board is confident that the outstanding amount will be recoverable as the related parties are long term business partners and have sound credit standing. Tradewinds Plantation has committed to make progressive payment on a monthly basis to reduce the outstanding debts.

3. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate do not have any effect on the share capital of the Company and will not have any financial effect on the earnings or the net tangible assets of the DRB-HICOM Group.

4. DIRECTORS' STATEMENT AND RECOMMENDATION

Having considered the rationale and benefits of the Proposed Shareholders' Mandate and after careful deliberation, the Directors (save for the interested Directors) are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the DRB-HICOM Group.

Accordingly, the Directors (save for the interested Directors) recommend that the shareholders vote in favour of the resolution on the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM of the Company.

5. AGM

The 30th AGM of the Company, the Notice of which is available on the Company's website <https://www.drb-hicom.com/investors/agm2020>, will be a fully virtual meeting with the Broadcast venue at Boardroom, Level 6, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 22 July 2020 at 10.00 a.m., for the purpose of considering and, if deemed fit, amongst others, passing the ordinary resolution, as Special Business to give effect to the Proposed Shareholders' Mandate.

If you are unable to participate at the AGM, please complete, sign and return the Form of Proxy available on the Company's website <https://www.drb-hicom.com/investors/agm2020> in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the Form of Proxy shall not be treated as valid. Alternatively, the Form of Proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my before the proxy form lodgement cut-off time as mentioned above. Please refer to the Administrative Guide for further details.

The completion and lodging of the Form of Proxy will not preclude you from participating and vote in person at the AGM should you subsequently decide to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

6. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
DRB-HICOM BERHAD

DATO' MOHAMMAD ZAINAL SHAARI
Chairman

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been reviewed and approved by the Directors of DRB-HICOM and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable inquiries, to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which could make any statement herein false or misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, neither DRB-HICOM nor its subsidiaries have entered into any material contract during the two years preceding the date of this Circular other than contracts entered into in the ordinary course of business:-

- 2.1 On 8 March and 11 July 2018, DRB-HICOM Group had entered into various agreements and supplemental agreements ("Disposal Agreements") respectively for the proposed disposals of certain property assets and investments to Prisma Dimensi Sdn Bhd and Kelana Ventures Sdn Bhd for a total disposal consideration of approximately RM1,934.7 million (subject to adjustment), to be satisfied via approximately 1,243.46 acres of freehold land in the Mukim of Tebrau, District of Johor Bahru, Johor held by Prisma Dimensi Sdn Bhd and Kelana Ventures Sdn Bhd and cash consideration of approximately RM288.7 million (subject to adjustment) ("Proposed Disposals")

The Proposed Disposals had been approved by DRB-HICOM's shareholders at the Extraordinary General Meeting ("EGM") held on 15 October 2018. On 7 March 2019, the respective parties to the Disposal Agreements had mutually agreed to extend the period for fulfilment of the Conditions Precedent ("CPs") until 8 September 2019. The parties had on 6 September 2019 agreed for a further extension period until 7 March 2020. Subsequently, the parties had on 26 February 2020 agreed for another extension period until 7 September 2020.

- 2.2 On 1 August 2018, HICOM Holdings Berhad ("HHB"), a direct wholly-owned subsidiary company of the Group, had entered into a conditional share sale agreement ("SSA") with Tunas Pancar Sdn Bhd, a wholly-owned subsidiary company of Malakoff, for the proposed disposal of HHB's entire equity interest of 97.37% in Alam Flora involving 74 million ordinary shares in Alam Flora, for a total cash consideration of RM944.6 million, subject to the terms and conditions of the SSA ("Proposed Disposal"). The Proposed Disposal had been approved by DRB-HICOM's shareholders at the EGM held on 15 October 2018. The Proposed Disposal has been completed on 5 December 2019.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, neither DRB-HICOM nor its subsidiaries have engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, and, the Board of DRB-HICOM has no knowledge of any proceedings pending or threatened against DRB-HICOM or its subsidiaries or of any material facts likely to give rise to any proceedings which might materially and adversely affect the position or the business of the DRB-HICOM or its subsidiary companies:-

- 3.1 Civil Complaint by Goldstar Heavy Industrial Co., Ltd. ("Goldstar") against PROTON Automobiles (China) Ltd. ("PACL") and PONSBB at Guangdong High People's Court ("GHC")

On 14 January 2019, PACL was served with a Civil Complaint, filed at GHC, by Goldstar, involving PACL and PONSBB as Defendants. PACL is a wholly-owned subsidiary company of PONSBB and PONSBB is a wholly-owned subsidiary company of PROTON which in turn is a 50.10% owned subsidiary company of DRB-HICOM.

Goldstar is claiming, inter alia, the sum of Renminbi (RMB) 860,613,418 (equivalent to RM522,908,713 based on Bank Negara Exchange Rate as at 17 January 2019 of RMB1: MYR0.6076). The claims arose as a result of the Equity Joint Venture Contract (“EJVC”) dated 17 April 2015, entered into between PROTON, Lotus Group International Limited (“LGIL”) and Goldstar on the establishment of a joint venture company named as Goldstar Lotus Automobile Co., Ltd. (“GLAC”); and its termination on 22 January 2018, amongst others. The said termination had been announced to Bursa Securities on 23 January 2018.

The purpose of the EJVC was to form a joint venture company to produce and sell LOTUS branded passenger cars, engines, parts and components, and accessories and to provide after-sales services (including spare parts) in connection with its products in People’s Republic of China.

GLAC has not yet commenced its business operations due to Goldstar’s breach of its sole material obligation under the EJVC to obtain the required manufacturing licence. The deadline to obtain the manufacturing licence pursuant to the EJVC was originally 25 September 2017. This was subsequently extended to 31 December 2017. Pursuant to the EJVC, failure to obtain the said manufacturing licence within the agreed timeframe entitles either party to terminate the EJVC.

On the advice of appointed lawyers, as one of the steps to defend the claims and to ensure that the rights of the Company are protected, PONSb filed a Jurisdiction Opposition Notice (“JON”) on 4 April 2019 to oppose GHC’s jurisdiction to hear the Civil Complaint. The main reason for filing the JON is that the Joint Venture Contract entered into between Goldstar and PACL dated 17 June 2002 (“2002 JVC”) had been subsequently terminated by a termination agreement entered into by Goldstar, PACL and PONSb on 3 September 2013 (as supplemented and amended by a supplemental termination agreement dated 23 April 2014 and a second supplemental termination agreement dated 17 April 2015) (collectively, the “TA”). The TA constitutes the full and final settlement of all previous disputes between the parties and in this regard, the dispute resolution clause in the TA provides that all disputes relating to the TA should be submitted to arbitration in Hong Kong.

On 27 August 2019, GHC issued a ruling which held that it had jurisdiction over Goldstar’s claims (“Ruling”) and PONSb’s jurisdictional challenge was dismissed. On 26 September 2019, PONSb filed an appeal against the Ruling to the Supreme People’s Court in Beijing (“SPC”). No hearing date for the appeal has been fixed yet. The proceedings before the GHC will not proceed until disposal of the SPC appeal.

The Company has taken the following steps to defend the claims as countermeasures:

- (i) Arbitration Proceedings under the Termination Agreement (“TA”) at the Hong Kong International Arbitration Centre (“HKIAC”)

In order to exercise its rights under the TA and as a corollary of challenging the GHC proceedings and pursuant to the dispute resolution clause in the TA which emphasised that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the TA constitutes full and final settlement of all issues and disputes under the 2002 JVC and its related agreements;
- (b) all existing, future and accrued rights and obligations of the parties pertaining to the 2002 JVC and its related agreements have ceased; and
- (c) the TA was affirmed by Goldstar with the execution of the EJVC.

The Arbitration Proceedings consisting of a single arbitrator has yet to commence. Hearing dates have been fixed on 22 February 2021 until 25 February 2021.

- (ii) Arbitration Proceedings under the EJVC at the HKIAC

Pursuant to the dispute resolution clause in the EJVC which emphasised that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the EJVC has been validly and effectively terminated; and
- (b) Goldstar has failed to perform its obligations under the EJVC, thus making it impossible for the EJVC to continue operation.

The Arbitration Proceedings consisting of three arbitrators has yet to commence. Hearing dates have been fixed on 3 March 2021 until 12 March 2021.

3.2 Arbitration proceedings initiated by China State Construction Engineering (M) Sdn Bhd (“CSCE”) against Media City Development Sdn Bhd (“MCDSB”)

CSCE, a sub-contractor of MCDSB [a wholly-owned subsidiary of Media City Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of Media City Ventures Sdn Bhd which in turn is a 51.0% subsidiary of the Company] for the project, “Cadangan Membina, Melengkap Dan Menyiapkan Kerja-Kerja Bangunan Dan Infrastruktur Bagi Bandar Media Angkasapuri Di Atas Sebahagian Lot PT23, 8354, 47446 Dan 47447 Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur - Main Building Package”, has initiated arbitration proceedings at the Asian International Arbitration Centre (“AIAC”) against MCDSB, in relation to disputes and/or differences arising from and/or related to the Letter of Award dated 6 December 2016 and the PAM Contract 2006 (with Quantities) dated 6 July 2017 (collectively referred to as “Contracts”), and the determination of the Contracts by MCDSB on 29 July 2019 (“Arbitration Proceedings”). CSCE has filed a Statement of Claim in the Arbitration Proceedings on 9 March 2020 wherein the total estimation of the claim is around the sum of RM129.7 million (excluding interests and the costs of arbitration).

The Arbitrator has fixed the hearing dates for the Arbitration Proceedings between 22 March 2021 and 26 March 2021, 29 March 2021 and 2 April 2021. Further dates from 12 April 2021 to 16 April 2021 shall be fixed as the backup dates.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the Registered Office of DRB-HICOM at Level 5, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, from the date of this Circular up to the date of the forthcoming 30th AGM:-

- (i) Constitution of DRB-HICOM;
- (ii) Audited consolidated financial statements of DRB-HICOM for the past two financial year/period ended 31 March 2019 and 31 December 2019;
- (iii) Material contracts referred to in Section 2 above; and
- (iv) Relevant cause papers in respect of material litigation, claims and arbitration referred to in Section 3 above.

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EXTRACT OF THE NOTICE OF THE 30TH AGM IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE

SPECIAL BUSINESS

8. To consider and if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate"). (Resolution 8)

"THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and subject to the Companies Act 2016 ("CA 2016"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be hereby given to the Company and its subsidiary companies (collectively "DRB-HICOM Group") to enter into any of the recurrent related party transactions ("RRPTs") of a revenue or trading nature as set out in Section 2.2.3 of the Circular to Shareholders dated 24 June 2020, which are necessary for the day-to-day operations in the ordinary course of business of the DRB-HICOM Group, on normal commercial terms, which are not more favourable to the related parties than those generally available to the public, undertaken on an arm's length basis, and are not detrimental to the minority shareholders of the Company ("Shareholders' Mandate");

THAT the Shareholders' Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA 2016); or
- (c) the Shareholders' Mandate is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever is the earlier;

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

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