

**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.

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**MCE HOLDINGS BERHAD**

(Registration No: 201501033021 (1158341-K))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) **PROPOSED BONUS ISSUE OF 61,778,702 NEW ORDINARY SHARES IN MCE (“MCE SHARE(S)” OR “SHARE(S)”) (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING MCE SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF SHARES”); AND**
- (II) **PROPOSED BONUS ISSUE OF 61,778,702 FREE WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 MCE SHARES HELD AFTER THE PROPOSED BONUS ISSUE OF SHARES ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”).**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**ALLIANCE ISLAMIC BANK**

**Alliance Islamic Bank Berhad** 200701018870 (776882-V)

The Notice of Extraordinary General Meeting (“**EGM**”) together with the Form of Proxy are enclosed in this Circular. Shareholders are advised to refer to the Notice of EGM and the accompanying Form of Proxy which are enclosed. The Form of Proxy must be lodged with the Registered Office of MCE Holdings Berhad (“**MCE**” or “**Company**”) at Suite 5.11 & 5.12, 5<sup>th</sup> floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor or alternatively by electronic means by way of submitting to [mcejb@multicode.com.my](mailto:mcejb@multicode.com.my) on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Tuesday, 19 December 2023 at 11.00 a.m.

Day, date and time of the EGM : Thursday, 21 December 2023 at 11.00 a.m., or immediately following the conclusion or adjournment (as the case may be) of the 8<sup>th</sup> Annual General Meeting of the Company, whichever is later, or at any adjournment thereof

Venue of the EGM : Diamond 1, Level 10, Holiday Villa Johor Bahru City Centre, No. 260, Jalan Dato’ Sulaiman, Taman Abad, 80250 Johor Bahru, Johor

**This Circular is dated 29 November 2023**

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## DEFINITIONS

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In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless otherwise stated:

<b>Act</b>	:	Companies Act 2016
<b>AIS or Principal Adviser</b>	:	Alliance Islamic Bank Berhad (200701018870 (776882-V))
<b>Board</b>	:	Board of Directors of MCE
<b>Bonus Share(s)</b>	:	61,778,702 new MCE Shares to be issued pursuant to the Proposed Bonus Issue of Shares
<b>Bonus Shares Entitlement Date</b>	:	A date to be determined and announced later by the Board, as at the close of business on which the shareholders of MCE must be registered in the Record of Depositors of the Company in order to be entitled to the Proposed Bonus Issue of Shares
<b>Bonus Warrant(s)</b>	:	61,778,702 free warrants to be issued pursuant to the Proposed Bonus Issue of Warrants
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
<b>Circular</b>	:	This circular to shareholders of MCE dated 29 November 2023 in relation to the Proposals
<b>Deed Poll</b>	:	The deed poll constituting the Warrants to be executed by the Company and as may be supplemented from time to time
<b>Directors</b>	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007
<b>EGM</b>	:	Extraordinary General Meeting
<b>EPS</b>	:	Earnings per share
<b>FYE</b>	:	Financial year ended/ending
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	10 November 2023, being the latest practicable date prior to the printing of this Circular
<b>LTD</b>	:	9 October 2023, being the last trading day prior to the initial announcement of the Proposals on 10 October 2023
<b>Main Market</b>	:	Main Market of Bursa Securities
<b>Market Day(s)</b>	:	Any day on which Bursa Securities is open for trading in securities, which may include a surprise holiday, a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
<b>NA</b>	:	Net assets
<b>Official List</b>	:	The list specifying all securities listed on the Main Market of Bursa Securities

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**DEFINITIONS (CONT'D)**

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<b>MCE or Company</b>	:	MCE Holdings Berhad (201501033021 (1158341-K))
<b>MCE Group or Group</b>	:	MCE and its subsidiaries, collectively
<b>MCE Share(s) or Share(s)</b>	:	Ordinary share(s) in MCE
<b>Proposals</b>	:	Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants, collectively
<b>Proposed Bonus Issue of Shares</b>	:	Proposed bonus issue of 61,778,702 Bonus Shares on the basis of 1 Bonus Share for every 1 existing MCE Share held on the Bonus Shares Entitlement Date
<b>Proposed Bonus Issue of Warrants</b>	:	Proposed bonus issue of 61,778,702 Warrants on the basis of 1 Warrant for every 2 MCE Shares held after the Proposed Bonus Issue of Shares on the Warrants Entitlement Date
<b>Record of Depositors</b>	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>TEAP</b>	:	Theoretical ex-all share price
<b>TEBP</b>	:	Theoretical ex-bonus share price
<b>VWAMP</b>	:	Volume weighted average market price
<b>Warrants</b>	:	61,778,702 warrants A to be issued pursuant to the Proposed Bonus Issue of Warrants
<b>Warrants Entitlement Date</b>	:	A date to be determined and announced later by the Board, as at the close of business on which the shareholders of MCE must be registered in the Record of Depositors of the Company in order to be entitled to the Proposed Bonus Issue of Warrants

All references to “MCE” or the “Company” in this Circular are to MCE Holdings Berhad and references to “MCE Group” or the “Group” are to the Company and its subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to the Group, the Company, and where the context otherwise requires, the subsidiaries. All references to “you” in this Circular are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any references to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations, enactments or rules of the stock exchange or guidelines is a reference to such statutes, rules, regulations, enactments or rules of the stock exchange or guidelines currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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## EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” Section and context of the Circular.

This Executive Summary highlights only the pertinent information of the Proposals. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.

Key information	Description
<b>Summary of the Proposals</b>	<p>On 10 October 2023, on behalf of our Board, AIS announced that the Company proposed to undertake the following Proposals:</p> <p><b>(i) <u>Proposed Bonus Issue of Shares</u></b></p> <p>Proposed bonus issue of 61,778,702 Bonus Shares on the basis of 1 Bonus Share for every 1 existing MCE Share held on the Bonus Shares Entitlement Date.</p> <p><b>(ii) <u>Proposed Bonus Issue of Warrants</u></b></p> <p>Proposed bonus issue of up to 61,778,702 Warrants on the basis of 1 Warrant for every 2 MCE Shares held after the Proposed Bonus Issue of Shares on the Warrants Entitlement Date.</p> <p>For the avoidance of doubt, the Proposed Bonus Issue of Warrants will be implemented after the Proposed Bonus Issue of Shares.</p>
<b>Rationale for the Proposals</b>	<p><b>(i) <u>Proposed Bonus Issue of Shares</u></b></p> <p>The Proposed Bonus Issue of Shares is an appropriate avenue for the Company to reward its existing shareholders as it:</p> <p>(a) will enable the shareholders to have a greater participation in the equity of the Company in terms of the increased number of MCE Shares held, whilst maintaining the percentage of equity interest without incurring any cost; and</p> <p>(b) is expected to further enhance the trading liquidity of MCE Shares on Bursa Securities at a lower adjusted trading price and increased number of issued Shares.</p> <p><b>(ii) <u>Proposed Bonus Issue of Warrants</u></b></p> <p>The Proposed Bonus Issue of Warrants is intended to reward the existing shareholders of MCE as it will:</p> <p>(a) enable existing shareholders of the Company to participate in convertible securities of the Company which are tradable on Bursa Securities without incurring any cost;</p> <p>(b) provide existing shareholders of the Company with an opportunity to increase their equity participation in the Company through exercise of Warrants at a pre-determined price during the tenure of the Warrants;</p> <p>(c) allow existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants; and</p> <p>(d) help to strengthen the Company's capital base and shareholders' funds as well as potentially provide additional working capital for the Group, as and when the Warrants are exercised.</p>

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Description</b>
<b>Approvals Required</b>	<p>The Proposals are subject to the following approvals being obtained:</p> <ul style="list-style-type: none"><li>(i) Bursa Securities, the approval of which was obtained on 10 November 2023, vide its letter dated 9 November 2023, for the following:<ul style="list-style-type: none"><li>(a) admission of the Warrants to the Official List;</li><li>(b) listing of and quotation for 61,778,702 Bonus Shares;</li><li>(c) listing of and quotation for 61,778,702 Warrants; and</li><li>(d) listing of and quotation for up to 61,778,702 new Shares to be issued arising from the exercise of the Warrants,</li></ul>on the Main Market of Bursa Securities;</li><li>(ii) the shareholders of MCE for the Proposals at the forthcoming EGM; and</li><li>(iii) any other relevant authorities and/or third parties, if required.</li></ul>
<b>Board's Recommendation</b>	<p>The Board recommends that you <b>vote in favour</b> of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in the Notice of EGM as enclosed.</p>



**MCE HOLDINGS BERHAD**  
(Registration No: 201501033021 (1158341-K))  
(Incorporated in Malaysia)

**Registered Office:**  
Suite 5.11 & 5.12  
5<sup>th</sup> floor, Menara TJB  
No. 9, Jalan Syed Mohd. Mufti  
80000 Johor Bahru  
Johor

29 November 2023

## **BOARD OF DIRECTORS**

Tan Sri Abd Rahman Bin Mamat (*Independent Non-Executive Chairman*)  
Dr Goh Kar Chun (*Group Managing Director*)  
Goh Anne (*Group Executive Director*)  
Law Sang Thiam (*Independent Non-Executive Director*)  
Fong Jed See (*Senior Independent Non-Executive Director*)  
Tai Lam Shin (*Non-Independent Non-Executive Director*)

### **To: The shareholders of MCE**

Dear Sir/Madam,

- (I) PROPOSED BONUS ISSUE OF SHARES; AND**
  - (II) PROPOSED BONUS ISSUE OF WARRANTS**
- 

## **1. INTRODUCTION**

On 10 October 2023, on behalf of the Board, AIS announced that the Company proposed to undertake the Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants.

On 10 November 2023, on behalf of the Board, AIS announced that Bursa Securities had, vide its letter dated 9 November 2023 (which was received on 10 November 2023), provided its approval-in-principle for the following:

- (a) admission of the Warrants to the Official List;
- (b) listing of and quotation for 61,778,702 Bonus Shares;
- (c) listing of and quotation for 61,778,702 Warrants; and
- (d) listing of and quotation for up to 61,778,702 new Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS, AND TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

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

### **2.1.1 Basis and number of Bonus Shares to be issued**

The Proposed Bonus Issue of Shares entails the issuance of 61,778,702 Bonus Shares on the basis of 1 Bonus Share for every 1 existing MCE Share held by the shareholders whose names appear in the Record of Depositors of the Company on the Bonus Shares Entitlement Date.

The Bonus Shares Entitlement Date will be determined and announced at a later date after all relevant approvals for the Proposals have been obtained. The Proposed Bonus Issue of Shares will be implemented in a single issuance and is not intended to be implemented in stages over a period of time.

As at the LPD, the issued share capital of the Company is RM64,088,565 comprising 61,778,702 MCE Shares and the Company does not have any treasury shares. Upon completion of the Proposed Bonus Issue of Shares, the issued share capital of the Company will remain at RM64,088,565 while the number of issued shares will increase to 123,557,404 MCE Shares.

The basis of entitlement for the Proposed Bonus Issue of Shares was determined after taking into consideration, amongst others, the following:

- (a) the potential adjustments to the share price of MCE Shares arising from the Proposed Bonus Issue of Shares;
- (b) compliance with Paragraph 6.30(1A) of the Listing Requirements which states that the Company must ensure that its share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAMP during the 3-month period before the application date; and
- (c) the enlarged number of MCE Shares after the Proposed Bonus Issue of Shares.

In determining shareholders' entitlements to the Bonus Shares, fractional entitlements, if any, will be disregarded and dealt with in such manner as the Board may in its absolute discretion deem fit and expedient and in the best interest of the Company.

There will be an adjustment to the share price of MCE Shares after the completion of the Proposed Bonus Issue of Shares. Pursuant to Paragraph 6.30(1A) of the Listing Requirements, a listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily VWAMP during the 3-month period before the date of application to Bursa Securities.



For illustrative purposes, based on the 5-day VWAMP of MCE Shares up to and including the LTD and LPD, as well as the lowest daily VWAMP of MCE Shares during the 3-month period before 27 October 2023 and LPD, the theoretical ex-bonus share price (“TEBP”) of MCE Shares are as follows:

	<b>Before the Proposed Bonus Issue of Shares Market Price (RM)</b>	<b>After the Proposed Bonus Issue of Shares TEBP (RM)</b>
5-day VWAMP up to and including the LTD	1.6923	0.8462
5-day VWAMP up to and including the LPD	1.8477	0.9239
Lowest daily VWAMP for the 3-month period before 27 October 2023	1.6794	0.8397
Lowest daily VWAMP for the 3-month period before the LPD	1.6794	0.8397

Based on the above, the Proposed Bonus Issue of Shares shall be in compliance with Paragraph 6.30(1A) of the Listing Requirements.

#### **2.1.2 No capitalisation of reserves**

Under the Act, a bonus issue can be undertaken either:

- (i) by way of capitalisation of the retained earnings/accumulated profits of a company; or
- (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

The Board has resolved that the Bonus Shares will be issued as fully paid at no consideration and without capitalisation from the Company’s reserves. The Proposed Bonus Issue of Shares will increase the number of MCE Shares in issue but will not increase the value of the issued share capital of the Company.

#### **2.1.3 Ranking of the Bonus Shares**

The Bonus Shares shall, upon issuance and allotment, rank equally in all respects with the existing MCE Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Bonus Shares.

As MCE Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act 1991, the Bonus Shares will be credited directly into the respective central depository system accounts of the entitled shareholders and no physical share certificates will be issued.

#### **2.1.4 Listing of and quotation for the Bonus Shares**

The approval from Bursa Securities for the listing of and quotation for the Bonus Shares was obtained on 10 November 2023, vide Bursa Securities’ letter dated 9 November 2023, as set out in Section 8 of this Circular.

## 2.2 Details of the Proposed Bonus Issue of Warrants

### 2.2.1 Basis and number of Warrants to be issued

The Proposed Bonus Issue of Warrants entails the issuance of 61,778,702 Warrants on the basis of 1 Warrant for every 2 MCE Shares held after the Proposed Bonus Issue of Shares by the shareholders whose names appear in the Record of Depositors of the Company on the Warrants Entitlement Date.

The Warrants Entitlement Date will be determined and announced at a later date after all relevant approvals for the Proposals have been obtained. The Proposed Bonus Issue of Warrants will be implemented in a single issuance and is not intended to be implemented in stages over a period of time. For the avoidance of doubt, the Proposed Bonus Issue of Warrants will be implemented after the Proposed Bonus Issue of Shares and the Warrants Entitlement Date will be after the Bonus Shares Entitlement Date. Accordingly, the Bonus Shares arising from the Proposed Bonus Issue of Shares will be entitled to the Warrants pursuant to the Proposed Bonus Issue of Warrants.

The actual number of Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants will depend on the total number of issued shares of the Company on the Warrants Entitlement Date. Based on the 61,778,702 Shares in issue as at the LPD and assuming the Proposed Bonus of Shares has been completed, the Company's enlarged number of issued Shares will be 123,557,404 Shares. As such, a total of 61,778,702 Warrants will be issued pursuant to the Proposed Bonus Issue of Warrants. In addition, assuming the full exercise of 61,778,702 Warrants, a total of 185,336,106 new MCE Shares will be issued therefrom.

For illustrative purpose, the entitlement for the Bonus Shares and Warrants by a shareholder with 1,000 MCE Shares whose name appear in the Record of Depositors of the Company on the Bonus Shares Entitlement Date and Warrants Entitlement Date will be as follows:

(A)	(B)	(C) = (A) + (B)	(D)	(E) = (C) + (D)
<b>MCE Shares held as at the Bonus Shares Entitlement Date</b>	<b>Entitlement for the Bonus Shares</b>	<b>MCE Shares held after the Proposed Bonus Issue of Shares and as at the Warrants Entitlement Date</b>	<b>Entitlement for the Warrants</b>	<b>MCE Shares held after the Proposed Bonus Issue of Warrants and assuming full exercise of the Warrants</b>
1,000	1,000	2,000	1,000	3,000

The basis of entitlement for the Proposed Bonus Issue of Warrants was determined after taking into consideration the following:

- (a) the Warrants will be issued at no cost to the entitled shareholders;
- (b) the enlarged number of MCE Shares in issue upon exercise of the Warrants;
- (c) the dilutive effect on MCE's EPS upon exercise of the Warrants; and
- (d) MCE's compliance with Paragraph 6.50 of the Listing Requirements, where the total number of new MCE Shares arising from the exercise of the Warrants must not exceed 50% of the Company's total number of issued shares (excluding treasury shares and before the exercise of the Warrants) at all times.

Fractional entitlements of the Warrants under the Proposed Bonus Issue of Warrants, if any, will be disregarded and dealt with in such manner as the Board may in its absolute discretion deem fit and expedient and in the best interest of the Company.

No reserves will be capitalised for the issuance of Warrants under the Proposed Bonus Issue of Warrants.

## 2.2.2 Basis of determining and justification for the exercise price of the Warrants

The Warrants will be issued at no cost to the entitled shareholders. The exercise price of the Warrants has been fixed by the Board at RM0.80 each after taking into consideration the following:

- (a) the historical price movement of MCE Shares;
- (b) the TEBP of RM0.8462 based on the 5-day VWAMP of MCE Shares of RM1.6923 up to and including the LTD. The exercise price of RM0.80 represents a discount of approximately RM0.0462 or 5.46% to the TEBP of MCE Shares of RM0.8462; and
- (c) prevailing market conditions.

For illustrative purpose, based on the exercise price of the Warrants of RM0.80, the theoretical ex-all share price ("**TEAP**") after the Proposals will be adjusted as follows:

	Before the Proposals	After the Proposed Bonus Issue of Shares	After the Proposals	Discount of the Exercise Price to the TEAP	
	Market Price (RM)	TEBP (RM)	TEAP (RM)	(RM)	(%)
5-day VWAMP up to and including the LTD	1.6923	0.8462	0.8308	0.0308	3.71
5-day VWAMP up to and including the LPD	1.8477	0.9239	0.8826	0.0826	9.36

## 2.2.3 Ranking of the Warrants and the new MCE Shares to be issued arising from the exercise of the Warrants

The Warrants shall rank equally in all respects with one another.

The Warrant holders will not be entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new MCE Shares.

The new MCE Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank equally in all respects with the existing issued Shares except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Shares.

## 2.2.4 Admission and listing of and quotation for the Warrants and new MCE Shares to be issued arising from the exercise of the Warrants

The approval of Bursa Securities for the admission and listing of and quotation for the Warrants and new MCE Shares to be issued arising from the exercise of the Warrants was obtained on 10 November 2023, vide Bursa Securities' letter dated 9 November 2023, as set out in Section 8 of this Circular.

## 2.2.5 Salient terms of the Warrants

The indicative salient terms of the Warrants are set out below:

<b>Terms</b>	<b>Details</b>
Issue size	: 61,778,702 Warrants.
Form	: The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by the Company and as may be supplemented from time to time.
Tenure	: 5 years commencing from and inclusive of the date of issuance and allotment of the Warrants (" <b>Issue Date</b> ").
Exercise Rights	: Each Warrant entitles the registered Warrant holder to subscribe for 1 new MCE Share arising from the Warrant at the Exercise Price at any time during the Exercise Period, subject to the provisions of the Deed Poll.
Exercise Price	: The exercise price of the Warrants is RM0.80 each, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	: The Warrants may be exercised at any time during the Tenure of the Warrants commencing from and including the Issue Date and ending at 5.00 p.m. in Malaysia on the Expiry Date. Any Warrants which have not then been exercised will lapse and every Warrant not exercised by then will cease to be valid for any purpose.
Expiry Date	: 5.00 p.m. on the day immediately preceding the 5 <sup>th</sup> anniversary of the Issue Date, provided that if such day is not a market day, then it shall be the market day immediately preceding the said non-market day.
Adjustment in the Exercise Price and/or the number of Warrants	: Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants held by each Warrant holder shall be adjusted by the Board in consultation with an approved adviser appointed by the Company and certified by the auditors of the Company in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll.
Status of the new MCE Shares to be issued arising from the exercise of the Warrants	: The new MCE Shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank equally in all respects with the then existing issued MCE Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of MCE, in respect of which the entitlement date is prior to the date of allotment and issuance of the said Shares.
Rights of Warrant holders	: The Warrant holders are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company other than on winding up, compromise or arrangement of the Company as set out in the Deed Poll until and unless such Warrant holders are issued with new MCE Shares arising from their exercise of the Warrants.

Terms	Details
Modification of rights of Warrant holders	: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders. Any such modification is, however, subject to the approval of any relevant authorities.
Modification of the Deed Poll	: Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities, other relevant authorities (if so required) and the Warrant holders by way of special resolution.  No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution unless the amendments or additions are required to correct a manifest error or to comply with any provisions of the prevailing laws or regulations of Malaysia or, in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders.
Rights in the event of winding up, liquidation, compromise and / or arrangement	: Where a resolution has been passed by the Company for a members' voluntary winding-up of the Company or if a court order approving a scheme of compromise or arrangement pursuant to Section 366 of the Act is granted, then:  (a) for the purpose of such a winding-up, compromise or arrangement in which the Warrant holders or some persons designated by them for such purposes by special resolution shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; or  (b) in any other case, every Warrant holder shall be entitled at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the Exercise Period), by an irrevocable surrender of his Warrants and delivery to the Company of a duly completed exercise form together with payment of the relevant Exercise Price monies, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the Exercise Rights represented by such Warrants, to the extent specified in the exercise form and be entitled to receive out of the assets of the Company (which would be available in liquidation) if he had on such date been a holder of the MCE Shares, to which he would have become entitled pursuant to such exercise; and the liquidator of the Company shall give effect to such election accordingly; and  subject to the foregoing, if the Company is wound up (other than by way of a members' voluntary winding up), all Exercise Rights which have not been exercised prior to the date of commencement of the winding up will lapse and the relevant Warrants will cease to be valid for any purpose.

<b>Terms</b>	<b>Details</b>
Transferability	: The Warrants may be transferable in accordance with the provisions of the Deed Poll, subject to the rules of Bursa Depository and the provisions of the Securities Industry (Central Depositories) Act 1991 and traded on the Main Market of Bursa Securities.
Board Lot	: The Warrants are tradable upon listing in board lot of 100 Warrants carrying the right to subscribe for 100 new MCE Shares at any time during the Exercise Period or such other denomination as may be prescribed by Bursa Securities.
Listing	: The Warrants will be listed and quoted on the Main Market of Bursa Securities.

### 3. USE OF PROCEEDS

The Proposed Bonus Issue of Shares will not raise any funds for the Company while the Proposed Bonus Issue of Warrants is not expected to raise immediate funds for the Company as the Warrants will be issued at no cost to the entitled shareholders.

The actual gross proceeds to be raised from the exercise of the Warrants (if any) are dependent on the number of Warrants exercised during the Exercise Period of the Warrants. For illustrative purpose, based on the exercise price of RM0.80 per Warrant and in the event the Warrants are fully exercised, the Company is expected to raise gross proceeds of approximately RM49.42 million. These proceeds will be earmarked for the Group's working capital purposes, mainly to fund the purchases of raw materials for the supply of various electronic and mechatronic components and parts. The proceeds to be utilised for each component of working capital are subject to the Group's operating requirements at the time of receipt of the proceeds, hence cannot be determined at this juncture.

Pending the use of proceeds for the above purpose, such proceeds may be placed in deposits with financial institutions and/or in short term money market instruments. Any interests derived from the deposits with financial institutions and/or any gains arising from the short term money market instruments will also be allocated for the Group's working capital purposes mainly to fund the purchases of raw materials for its operations.

#### 3.1 Details of equity fund-raising exercises undertaken in the past 12 months

On 27 March 2023, the Company completed a private placement exercise which involved the issuance of 5,616,200 new Shares (representing 10% of the then existing total number of issued Shares prior to the private placement) and raised a total amount of proceeds of RM8.71 million. The said proceeds have been utilised as follows:

<b>No.</b>	<b>Purpose</b>	<b>Actual proceeds raised</b>	<b>Amount utilised as at the LPD</b>	<b>Balance to be utilised</b>	<b>Intended timeframe for utilisation from 27 March 2023</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
1.	Working capital <sup>(1)</sup>	8,449	8,449	-	Within 24 months
2.	Estimated expenses in relation to the private placement	256	256	-	Upon completion of the private placement
	<b>Total</b>	<b>8,705</b>	<b>8,705</b>	<b>-</b>	

Save for the above, the Company has not undertaken any equity fund-raising exercises in the past 12 months before the date of the announcement of the Proposals.

**Note:**

- (1) The said proceeds earmarked for working capital purpose were utilised to fund the purchase of raw materials for the Group's contracts secured at the point of time, including contracts of supplying various electronic and mechatronic components and parts for various car models of Perodua and Proton as well as for new electric motorcycle models of an overseas customer.

## **4. RATIONALE FOR THE PROPOSALS**

### **4.1 Proposed Bonus Issue of Shares**

The Proposed Bonus Issue of Shares is an appropriate avenue for the Company to reward its existing shareholders as the Proposed Bonus Issue of Shares:

- (i) will enable the shareholders to have a greater participation in the equity of the Company in terms of the increased number of MCE Shares held, whilst maintaining their percentage of equity interest without incurring any cost; and
- (ii) is expected to further enhance the trading liquidity of MCE Shares on Bursa Securities at a lower adjusted trading price and increased number of issued Shares.

### **4.2 Proposed Bonus Issue of Warrants**

The Proposed Bonus Issue of Warrants is intended to reward the existing shareholders of MCE as the Proposed Bonus Issue of Warrants will:

- (i) enable the existing shareholders of the Company to participate in convertible securities of the Company which are tradable on Bursa Securities without incurring any cost;
- (ii) provide existing shareholders of the Company with an opportunity to increase their equity participation in the Company through the exercise of Warrants at a pre-determined price during the tenure of the Warrants (as per Section 2.2.5 of this Circular of the indicative salient terms of the Warrants);
- (iii) allow existing shareholders of the Company to benefit from any potential capital appreciation of the Warrants; and
- (iv) help to strengthen the Company's capital base and shareholders' funds as well as potentially provide additional working capital for the Group, as and when the Warrants are exercised.

## **5. OUTLOOK AND PROSPECTS**

### **5.1 Overview and outlook of Malaysian economy**

Global growth is projected to moderate in 2023 and 2024 following slow growth in advanced economies; volatile financial market due to tightening monetary policy; prolonged geopolitical tensions; and increasing climatic changes. Nevertheless, inflation continues to soften as markets head towards supply chain stabilisation. In addition, world trade is projected to moderate in 2023 in line with weaker global demand. However, global trade is expected to increase in 2024 in tandem with improved trade activity in advanced economies, and emerging market and developing economies (EMDEs).

In the case of Malaysia, the economy continued to expand amid these persistent challenges in the external environment. During the first half of 2023, gross domestic products (“GDP”) posted a growth of 4.2% supported by resilient domestic demand, in particular private expenditure. The services sector, the largest contributor to the economy, continued to lead growth following higher tourist arrivals and improved consumer spending. The construction sector continued to expand in tandem with the acceleration of infrastructure projects and realisation of investment in non-residential and residential developments. These developments helped to cushion the negative impact from the external sector following slow external demand, particularly from Malaysia’s major trading partners.

The increased external uncertainties will pose risks to the economic growth. Notwithstanding these challenges, the economy continues reaping the benefit from policies and initiatives undertaken over the years to enhance resilience and competitiveness. Overall, the economy is projected to expand moderately in the second half of the year as external demand is expected to remain low and high base effect from the previous year. Nevertheless, domestic demand will continue to drive growth. Hence, the GDP is anticipated to register a growth of approximately 4% in 2023.

For 2024, the economy is projected to grow within the range of 4% to 5%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

*(Source: Economic Outlook 2024, published on 13 October 2023, Ministry of Finance of Malaysia)*

## **5.2 Overview and outlook of the manufacturing sector in Malaysia**

The manufacturing sector grew by 1.7% during the first half of 2023 underpinned by resilient domestic-oriented industries amid sluggish external demand. The domestic oriented industries’ steady growth of 4.4% was backed by increasing demand for consumer goods and construction-related segments. Meanwhile, export-oriented industries expanded marginally by 0.5% weighed down by the lower production of electrical and electronic (“E&E”) due to cyclical downturn in global semiconductor industry.

The sector is forecast to grow by 1.2% in the second half of the year with domestic oriented industries remain as the mainstay of growth. All segments are projected to expand particularly food and beverages, as well as transport equipment. These segments will benefit from the strengthening of tourism activities and increasing demand for passenger cars and related motor parts and accessories. In addition, anticipated acceleration and realisation of projects in the construction sector will increase the demand for metal related segments. Meanwhile, within the export-oriented industries, the E&E segment is expected to pivot away from the down cycle trend, in line with gradual improvements in global demand especially for computing devices, electronics and semiconductors as well as growing domestic demand for industrial electronics, electric vehicles (EV) and medical technology devices. Furthermore, the demand for chemicals segment is expected to increase in line with the bottom out of E&E down cycle. Hence, the manufacturing sector is anticipated to register a modest growth of 1.4% in 2023.

The manufacturing sector is expected to accelerate, accounted by improved export oriented industries particularly the E&E products as external demand recovers, while the domestic-oriented industries are anticipated to remain favourable in line with robust domestic consumption and investment.

*(Source: Economic Outlook 2024, published on 13 October 2023, Ministry of Finance of Malaysia)*



### 5.3 Overview and outlook of the automotive industry in Malaysia

Sales of new motor vehicles continued to grow strongly in the first half of 2023, with Total Industry Volume (“TIV”) rising by 10.3% to 366,037 units from 331,746 units in similar corresponding period in 2022. The new vehicles market has not only returned to pre-pandemic levels, but it even surpasses that pre-pandemic levels, rebounding strongly last year and again during the first half of 2023. At the Malaysia Automotive Association (“MAA”) Press Conference held on 17 January 2023, it had announced sales rose by 41.6% to 720,658 units for 2022, making the annual TIV 2022 an all-time high achieved in the history of the local automotive industry. Sales of new passenger vehicles rose 11.2% to 326,661 units in 1H2023 while new commercial vehicles were up by 3.6% at 39,376 units.

The Total Industry Production (“TIP”) of new vehicles in first half of 2023 increased by 44,602 units or 14% to reach a total of 362,535 units compared to 317,933 units in first half of 2022. This big increase in production volume was in tandem with the higher overall sales in first half of 2023.

In view of the following factors, MAA have decided to revise upwards its full year 2023 TIV forecast:

- (a) Stable economic outlook. The Malaysian economy is projected to expand between 4% and 5% for full year 2023, driven by domestic demand;
- (b) Sustainability of the market performance will depend on Malaysia’s economic indicators, which in turn will impact market buying sentiment;
- (c) New model launches particularly exciting newer models and very affordable models by national makes have been well received. MAA members recorded healthy sales orders;
- (d) MAA members’ continuation of aggressive promotional strategies and providing value-added services and more options to customers to improve demand;
- (e) Further improvement in the automotive industry supply chain environment;
- (f) Bank Negara’s decision to maintain OPR at 3% at its May 2023 Monetary Policy Committee meeting; and
- (g) Consumers’ spending softening in the remaining months, weighed down by worries over rising costs of living, shrinking disposal income, weakening Ringgit against major foreign currencies, and uncertainties about the domestic and global economic environment.

MAA revised TIV 2023 forecast is now as follows:

<b><u>Market segment</u></b>	<b><u>2023 (Original forecast)</u></b>	<b><u>2023 (Revised forecast)</u></b>	<b><u>2022 (Actual)</u></b>
Passenger vehicles	585,000	652,500	641,773
Commercial vehicles	65,000	72,500	78,885
Total vehicles	650,000	725,000	720,658

*(Source: Market Review for First Half of 2023, published on 20 July 2023, Malaysia Automotive Association)*

## 5.4 Prospects of the Group

MCE Group is principally involved in the design, manufacture and supply of automotive electronics and mechatronic parts for the Malaysia and regional markets. Subsequent to the gradual recovery from the COVID-19 pandemic, the financial performance of the Group has strengthened since the FYE 31 July 2022, recorded a revenue and profit after tax (“PAT”) of RM105.82 million and RM8.04 million, respectively. In the FYE 31 July 2023, the Group’s revenue had further improved by 46.37% to RM154.89 million, whilst its PAT had significantly improved by 91.42% to RM15.39 million as compared to the FYE 31 July 2022.

The management of the Group has been actively pursuing new collaborations and business opportunities to further grow the business of the Group. In the FYE 31 July 2023, the Group had successfully secured contracts of supplying various electronic and mechatronic components and parts which is expected to generate a total revenue of approximately RM92.74 million over 6 years period of time.

In conjunction to the above, the Group had also been continuously enhancing its operational facilities for higher efficiency and better quality of the products. As at the LPD, the operations of the Group is carried out at its 2 existing facilities and manufacturing plants located at Johor Bahru and Port Klang. Currently, the Group is in the planning stages of constructing its 3<sup>rd</sup> manufacturing plant on a piece of land acquired by the Group located at UMW High Value Manufacturing Park, Serendah, Selangor. The Group’s 3<sup>rd</sup> manufacturing plant encompasses larger production area, together with office and warehouse areas, with an estimated total built-up area of approximately 117,000 sq. ft.. In relative to the Group’s existing manufacturing facilities, this new manufacturing plant will be equipped with more advanced industrial facilities, such as higher standard of dust and anti-static control.

Barring any unforeseen circumstances, the construction of the 3<sup>rd</sup> manufacturing plant is expected to be completed in year 2025. It will increase the manufacturing and storage capacities of the Group, as well as improve the production capabilities of the Group to cater for wider range and more technological sophisticated products. The Group intends to venture into manufacturing of more technological sophisticated products such as meter cluster, touch panel screen controller, infotainment as well as electric vehicle related parts and components as and when business opportunities arise.

Premised on the above and after taking into consideration the overview and outlook of the automotive industry as set out in Section 5.3 above, the management of the Group is of the view that the Group’s financial performance moving forward is expected to be positive. Nevertheless, the Group remains vigilant and cautious in facing prevailing uncertainties surrounding its operating environment which include possible softening of consumer spending, weighed down by concerns of rising living costs, shrinking disposable income, weakening ringgit against major foreign currencies, and uncertainties about the domestic and global economic environment. The Group will continue to monitor the situation and take appropriate measures and strategies to safeguard and insulate its operations and business.

*(Source: The Management of MCE)*

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## 6. EFFECTS OF THE PROPOSALS

For illustrative purposes, the pro forma effects of the Proposals on MCE's issued share capital, net assets ("NA"), NA per share, gearing, earnings, EPS as well as the substantial shareholders' shareholdings are set out below:

### 6.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of MCE are as follows:

	<b>No. of MCE Shares</b>	<b>RM</b>
Issued share capital as at the LPD	61,778,702	64,088,565
Shares to be issued pursuant to the Proposed Bonus Issue of Shares	61,778,702	-
<b>After the Proposed Bonus Issue of Shares</b>	<b>123,557,404</b>	<b>64,088,565</b>
Shares to be issued assuming full exercise of the Warrants	61,778,702	49,422,962 <sup>(1)</sup>
<b>Enlarged issued share capital</b>	<b>185,336,106</b>	<b>113,511,527</b>

**Note:**

(1) Calculated based on the exercise price of Warrants of RM0.80 per Warrant.

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## 6.2 NA, NA per share and gearing

Based on the latest audited consolidated financial statements of MCE as at 31 July 2023, the pro forma effects of the Proposals on MCE's consolidated NA, NA per Share and gearing are as follows:

	Audited as at 31 July 2023 RM'000	(I) After the Proposed Bonus Issue of Shares RM'000	(II) After (I) and assuming full exercise of the Warrants RM'000
Share capital	64,089	64,089	113,512 <sup>(3)</sup>
Capital reserve	1,006	1,006	1,006
Retained profits	52,689	52,489 <sup>(1)</sup>	52,489
<b>Total equity / NA</b>	<b>117,784</b>	<b>117,584</b>	<b>167,007</b>
No. of MCE Shares	61,779	123,557 <sup>(2)</sup>	185,336 <sup>(3)</sup>
NA per share (RM)	1.91	0.95	0.90
Total borrowings (RM'000)	15,900	15,900	15,900
Gearing (times)	0.13	0.14	0.10

### Notes:

- (1) After deducting the estimated expenses of approximately RM0.20 million to be incurred in relation to the Proposals.
- (2) After issuance of 61,778,702 Bonus Shares pursuant to the Proposed Bonus Issue of Shares.
- (3) Assuming 61,778,702 Warrants are exercised at the exercise price of RM0.80 per Warrant.

## 6.3 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of MCE Group for the financial year ending 31 July 2024.

However, the issuance of new MCE Shares arising from the Bonus Shares and exercise of Warrants will result in a dilution in MCE Group's EPS due to the increase in the number of MCE Shares in issue.

#### 6.4 Convertible securities

As at the LPD, MCE does not have any convertible securities.

#### 6.5 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial shareholders' shareholdings of the Company as at the LPD are as follows:  
(I)

Substantial shareholders	As at the LPD			After Proposed Bonus Issue of Shares		
	MCE Shares	% <sup>(1)</sup>	No. of MCE Shares	MCE Shares	% <sup>(2)</sup>	No. of MCE Shares
Woo Chiew Loong	5,452,000	8.83	-	10,904,000	8.83	-
Dulcet One Holdings Sdn Bhd	11,800,100	19.10	-	23,600,200	19.10	-

(II)

After I and assuming full exercise of the Warrants

Substantial shareholders	After I and assuming full exercise of the Warrants		
	MCE Shares	% <sup>(3)</sup>	No. of MCE Shares
Woo Chiew Loong	16,356,000	8.83	-
Dulcet One Holdings Sdn Bhd	35,400,300	19.10	-

#### Notes:

- (1) Based on MCE's issued share capital of 61,778,702 MCE Shares as at the LPD.
- (2) Based on MCE's enlarged issued share capital of 123,557,404 MCE Shares after the Proposed Bonus Issue of Shares.
- (3) Based on MCE's enlarged issued share capital of 185,336,106 MCE Shares assuming after full exercise of the Warrants.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of MCE Shares as traded on Bursa Securities for the past 12 months up to October 2023 are as follows:

	<b>High (RM)</b>	<b>Low (RM)</b>
<b><u>2022</u></b>		
November	1.050	0.975
December	1.470	1.020
<b><u>2023</u></b>		
January	1.540	1.330
February	1.990	1.420
March	1.890	1.560
April	2.160	1.800
May	2.100	1.680
June	2.050	1.880
July	1.930	1.770
August	1.870	1.660
September	1.960	1.710
October	1.910	1.670
Last transacted market price of MCE Shares as at the LTD		1.710
Last transacted market price of MCE Shares as at the LPD		1.870

(Source: Bloomberg)

## 8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities' for the following:
  - (a) admission of the Warrants to the Official List;
  - (b) listing of and quotation for 61,778,702 Bonus Shares;
  - (c) listing of and quotation for 61,778,702 Warrants; and
  - (d) listing of and quotation for up to 61,778,702 new Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities.

The approval-in-principle has been obtained on 10 November 2023, vide Bursa Securities' letter dated 9 November 2023, which is subject to the following conditions:

<b>Conditions</b>	<b>Status of compliance</b>
(i) MCE and AIS must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants, respectively;	To be complied

<b>Conditions</b>	<b>Status of compliance</b>
(ii) AIS to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants, respectively;	To be complied
(iii) AIS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants are completed, respectively;	To be complied
(iv) MCE / AIS to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the forthcoming EGM for the Proposed Bonus Issue of Shares prior to the listing and quotation of the Bonus Shares;	To be complied
(v) MCE/ AIS is required to make the relevant announcements for the Proposed Bonus Issue of Shares pursuant to Paragraphs 6.35(2)(a) and (b) and 6.35(4) of the Listing Requirements.	To be complied
(vi) MCE to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(vii) To incorporate Bursa Securities' comments made in the Circular.	Complied

(ii) the shareholders of MCE for the Proposals at the forthcoming EGM; and

(iii) any other relevant authorities and/or third parties, if required.

The Proposed Bonus Issue of Warrants is conditional upon the Proposed Bonus Issue of Shares but not vice versa. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

## **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE / GROUP MANAGING DIRECTOR AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders, chief executive / Group Managing Director of MCE and/or persons connected with them have any interest, either direct or indirect, in the Proposals, save for their respective entitlements as the shareholders under the Proposals, the rights of which are also available to all other existing shareholders of MCE as at the Entitlement Date.

## **10. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by 1<sup>st</sup> quarter of 2024. The tentative timeline for the implementation of the Proposals is as follows:

Event	Tentative timeline
EGM	21 December 2023
Announcement of the Entitlement Date for the Proposals	End December 2023
Listing of and quotation for the Bonus Shares	Mid January 2024
Admission to the Official List and listing of and quotation for the Warrants	Mid January 2024

## 12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, the Board confirms that as at the date of this Circular, there are no other outstanding corporate exercises that have been announced but pending completion by the Company.

## 13. EGM

The EGM, the notice of which is enclosed with this Circular, will be held at Diamond 1, Level 10, Holiday Villa Johor Bahru City Centre, No. 260, Jalan Dato' Sulaiman, Taman Abad, 80250 Johor Bahru, Johor on Thursday, 21 December 2023 at 11.00 a.m., or immediately following the conclusion or adjournment (as the case may be) of the 8<sup>th</sup> Annual General Meeting of the Company, whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions so as to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the registered office of the Company at Suite 5.11 & 5.12, 5<sup>th</sup> floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor or alternatively by electronic means by way of submitting to [mcejb@multicode.com.my](mailto:mcejb@multicode.com.my) not later than forty-eight (48) hours before the time for holding the EGM. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

## 14. FURTHER INFORMATION

Shareholders are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of  
**MCE Holdings Berhad**

**Dr. Goh Kar Chun**  
Group Managing Director



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**APPENDIX I – FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST**

AIS, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

AIS has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in its capacity to act as the Principal Adviser to the Company for the Proposals.

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

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of the Group.

**4. MATERIAL COMMITMENT**

As at the LPD, save as disclosed below, the Group does not have any material commitments incurred or known to be incurred, which have not been provided for, which upon becoming enforceable may have a material impact on the financial position of the Group:

	<b>RM'000</b>
Purchase of property, plant and equipment	580
Acquisition of additional interest in an associate company	881
<b>Total</b>	<b>1,461</b>

**5. MATERIAL CONTINGENT LIABILITIES**

As at the LPD, the Group does not have any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results or financial position of the Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company at Suite 5.11 & 5.12, 5th floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor during normal business hours from Mondays to Fridays (except on public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of the Company;
- (ii) Audited consolidated financial statements of the Group for the FYE 31 July 2022 and FYE 31 July 2023;
- (iii) The letter of consent and declaration on conflict of interest referred to in Section 2 above; and
- (iv) The draft Deed Poll.



**MCE HOLDINGS BERHAD**  
(Registration No: 201501033021 (1158341-K))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**” or “**Meeting**”) of MCE Holdings Berhad (“**MCE**” or “**Company**”) will be held at Diamond 1, Level 10, Holiday Villa Johor Bahru City Centre, No. 260, Jalan Dato’ Sulaiman, Taman Abad, 80250 Johor Bahru, Johor on Thursday, 21 December 2023 at 11.00 a.m., or immediately following the conclusion or adjournment (as the case may be) of the 8<sup>th</sup> Annual General Meeting of the Company, whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions:

### **ORDINARY RESOLUTION 1**

**PROPOSED BONUS ISSUE OF 61,778,702 NEW ORDINARY SHARES IN MCE (“MCE SHARE(S)” OR “SHARE(S)” (“BONUS SHARE(S)”) ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING MCE SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“BONUS SHARES ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE OF SHARES”)**

**“THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained for the Proposed Bonus Issue of Shares, authority be and is hereby given to the Board of Directors of the Company (“**Board**”) to issue and allot 61,778,702 Bonus Shares in the share capital of the Company credited as fully paid to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5:00 p.m. on the Bonus Shares Entitlement Date to be determined and announced by the Board at a later date on the basis of 1 Bonus Share for every 1 existing MCE Share held;

**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) in respect of the Proposed Bonus Issue of Shares, authority be and is hereby given to the Board to implement any other adjustments as a result of the Proposed Bonus Issue of Shares;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, in such manner as the Board may in its absolute discretion deem fit and expedient and in the best interest of the Company;

**THAT** the Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the existing MCE Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of the Bonus Shares;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all such acts and matters in the manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares.”

## **ORDINARY RESOLUTION 2**

### **PROPOSED BONUS ISSUE OF 61,778,702 FREE WARRANTS (“WARRANT(S)”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 MCE SHARES HELD AFTER THE PROPOSED BONUS ISSUE OF SHARES ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“WARRANTS ENTITLEMENT DATE”) (“PROPOSED BONUS ISSUE OF WARRANTS”)**

**"THAT** subject to the passing of Ordinary Resolution 1, the approvals of all relevant authorities or parties (where required) being obtained for the Proposed Bonus Issue of Warrants, authority be and is hereby given to the Board to issue 61,778,702 Warrants to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5:00 p.m. on the Warrants Entitlement Date to be determined and announced by the Board at a later date on the basis of 1 Warrant for every 2 existing MCE Shares held;

**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) in respect of the Proposed Bonus Issue of Warrants, authority be and is hereby given to the Board to implement any other adjustments as a result of the Proposed Bonus Issue of Warrants;

**THAT** the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Warrants, if any, in such manner as the Board may in its absolute discretion deem fit and expedient and in the best interest of the Company;

**THAT** the Board be and is hereby authorised to issue and allot such appropriate number of new MCE Shares arising from the exercise of the Warrants by the Warrant holders, credited as fully paid, in accordance with the provisions of a deed poll to be executed (“**Deed Poll**”);

**THAT** the new MCE Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing MCE Shares except that such new MCE Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid for which the entitlement date for the said distribution precedes the date of allotment and issuance of such new MCE Shares;

**THAT** the proceeds arising from the exercise of the Warrants, if any, be utilised for the purpose(s) set out in the Company’s Circular to Shareholders dated 29 November 2023, and the Board authorised with full power to vary the manner and/or purpose(s) of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

**THAT** the Warrants be constituted under the Deed Poll and the Board be and is hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deems fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities and to take all steps and do all such acts and matters in the manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants.”

By Order of the Board  
**MCE HOLDINGS BERHAD**

**LEE WEE HEE (MAICSA 0773340) SSM Practicing Certificate No. 201908004010**  
**HEW JING SIAN (MAICSA 7065968) SSM Practicing Certificate No. 202008001325**  
Company Secretaries

29 November 2023

**Notes:**

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the following e-mail address [mcejb@multicode.com.my](mailto:mcejb@multicode.com.my) not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 December 2023, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Voting by Poll

Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in this notice is to be voted by poll.



**MCE HOLDINGS BERHAD**  
(Registration No: 201501033021 (1158341-K))  
(Incorporated in Malaysia)

**FORM OF PROXY**

No. of Shares held:	
CDS Account No.	

I/We \_\_\_\_\_ (NRIC No. \_\_\_\_\_) of (full address) \_\_\_\_\_ (email address) \_\_\_\_\_ and (contact no.) \_\_\_\_\_ a member / members of MCE HOLDINGS BERHAD hereby appoint

Name of Proxy (Full Name)	NRIC No. / Passport No.	% of Shareholding to be Represented (Refer to Note 2)
Address	Email address	Contact No.

\*and/or failing him/her

Name of Proxy (Full Name)	NRIC No. / Passport No.	% of Shareholding to be Represented (Refer to Note 2)
Address	Email address	Contact No.

or failing him /her, \*the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Extraordinary General Meeting of the Company to be held on Thursday, the 21<sup>st</sup> day of December, 2023 at 11.00 a.m. or immediately following the conclusion or adjournment (as the case may be) of the 8<sup>th</sup> Annual General Meeting of the Company, whichever is later, at Diamond 1, Level 10, Holiday Villa Johor Bahru City Centre, No. 260, Jalan Dato' Sulaiman, Taman Abad, 80250 Johor Bahru, Johor and at every adjournment thereof to vote as indicated below in respect of the following Resolutions:-

\* delete where applicable.

Resolution	FOR	AGAINST
Ordinary Resolution 1 Proposed Bonus Issue of Shares		
Ordinary Resolution 2 Proposed Bonus Issue of Warrants		

(Please indicate with a "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

.....  
Signature/Common Seal of Member(s)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

**NOTES :**

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised Nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the following e-mail address mcejb@multicode.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
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Voting by Poll

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AFFIX  
STAMP

The Company Secretary  
**MCE Holdings Berhad**  
Registration No: 201501033021 (1158341-K)  
Suite 5.11 & 5.12, 5<sup>th</sup> floor, Menara TJB  
No. 9, Jalan Syed Mohd. Mufti  
80000 Johor Bahru  
Johor, Malaysia

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