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Ahmad Zaki Resources Berhad

(Registration No. 199701017271 (432768-X))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART A

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

PART B

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The last date and time for lodging the Form of Proxy: 10 December 2023 at 10.30 a.m.

The date and time of the Annual General Meeting: 12 December 2023 at 10.30 a.m.

This Circular is dated 31 October 2023

DEFINITIONS

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

Act	:	Companies Act, 2016, as amended from time to time, and any re-enactment thereof
AGM	:	Annual General Meeting
Audit and Risk Committee	:	Audit and Risk Committee of AZRB, comprising of Mr Lee Chee Khoon (<i>Chairman</i>), Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng and Dato' Ir. Haji Che Noor Azeman bin Yusoff
AZRB or Company	:	Ahmad Zaki Resources Berhad (Registration No. 199701017271 (432768-X))
AZRB Group or Group	:	AZRB and its subsidiaries
AZSB	:	Ahmad Zaki Sdn Bhd (Registration No. 198201001504 (81250-W)), a wholly-owned subsidiary of AZRB
Board	:	Board of Directors of AZRB
Bursa Securities	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time including any re-enactment thereof
Director	:	This shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and/or Section 2(1) of Act and for the purpose of the Proposed Shareholders' Mandate, this includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of AZRB or any other company which is its subsidiary or holding company or a Chief Executive of AZRB, its subsidiary or holding company
DSWZA	:	Dato' Sri Wan Zakariah bin Haji Wan Muda
DWZUL	:	Dato' Ir. W Zulkifli bin Haji W Muda
EPS	:	Earnings Per Share
ESS	:	The existing Employees' Share Scheme of AZRB
ICSB	:	Inter-Century Sdn Bhd (Registration No. 199101017136 (227448-T)), a wholly-owned subsidiary of AZRB
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	3 October 2023, being the latest practicable date prior to the printing and despatch of this Circular
Major Shareholder	:	Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act.
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
NA	:	Net Assets
Person(s) Connected	:	Such person, in relation to any person (referred to as "said 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.

Proposed Share Buy-Back	:	Proposed renewal of share buy-back authority
Proposed Shareholders' Mandate	:	Proposed renewal of Shareholders' Mandate for RRPT of AZRB Group
Purchased Shares	:	Share(s) of the Company purchased under the Proposed Share Buy-Back
Related Party(ies)	:	Director(s), Major Shareholder(s) or person connected with such Director(s) or Major Shareholder(s)
Related Party Transaction(s)	:	Transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party(ies)
RM and sen	:	Ringgit Malaysia and sen, respectively
RRPT	:	Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for day to day operations of AZRB Group
Share(s) or AZRB Share(s)	:	Ordinary share(s) in the Company
Shareholders' Mandate	:	Shareholders' general mandate pursuant to Paragraph 10.09 of the Listing Requirements in respect of RRPT
Substantial Shareholder	:	A person who has interest or interests in one or more voting shares in a company and the number or the aggregate number of those shares, is not less than 5% of the total number of all the voting shares in the company as defined under Section 136(1)(a) of the Act. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act
Treasury Share(s)	:	The Purchased Shares which are retained by the Company and shall have the meaning under Section 127 of the Act
WAMP	:	Weighted average market price
Warrants	:	The existing Warrants 2014/2024 of AZRB
TSWZ	:	Tan Sri Dato' Sri Haji Wan Zaki bin Haji Wan Muda
ZHSB	:	Zaki Holdings (M) Sdn Bhd (Registration No. 198401005758 (118278-W))

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PART A

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



Ahmad Zaki Resources Berhad

(Registration No. 199701017271 (432768-X))
(Incorporated in Malaysia)

Registered Office:
Menara AZRB
No. 71, Persiaran Gurney
54000 Kuala Lumpur

31 October 2023

Board of Directors:

Tan Sri Dr Madinah binti Mohamad (*Independent Non-Executive Chairman*)
Dato' Sri Wan Zakariah bin Haji Wan Muda (*Group Managing Director*)
Dato' Ir. W Zulkifli bin Haji W Muda (*Deputy Group Managing Director (1)*)
Dato' Roslan bin Tan Sri Jaffar (*Deputy Group Managing Director (2)*)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (*Non-Independent Non-Executive Director*)
Dato' Ir. Haji Che Noor Azeman bin Yusoff (*Independent Non-Executive Director*)
Mr Lee Chee Khoon (*Independent Non-Executive Director*)

To: The Shareholders of Ahmad Zaki Resources Berhad

Dear Sir/Madam,

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

1. INTRODUCTION

Pursuant to Paragraph 10.09 of the Listing Requirements, the Company had procured the Shareholders' Mandate at its last AGM held on 12 December 2022, for the Company and its subsidiaries, in their normal course of business, to enter into those transactions which are recurrent and of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in paragraph 3 below, with the Group's Related Parties. The Shareholders' Mandate will be in force until the conclusion of the forthcoming AGM of the Company, unless the mandate is renewed.

On 30 October 2023, the Company announced to Bursa Securities that the Board intends to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming AGM of the Company

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 thereto to be tabled at the forthcoming AGM.

2. AGM

Our AGM will be conducted on virtual basis through live streaming and online remote voting from the Broadcast Venue at Boardroom, 7th Floor, Menara AZRB, No.71 Persiaran Gurney, 54000 Kuala Lumpur on Tuesday, 12 December 2023 at 10.30 a.m for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out in the notice of AGM. The notice of AGM that contains the resolution pertaining to the Proposed Shareholders' Mandate has been incorporated into the 2023 Annual Report which is being circulated to you together with this Circular.

If you are unable to participate in the AGM, you may complete and return the Form of Proxy enclosed in the 2023 Annual Report in accordance with the instructions printed therein as soon as possible and in any event so as to arrive at the Share Registrar Office of the Company not less than 48 hours before the time fixed for the AGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from participating and voting at the AGM should you subsequently decide to do so.

3. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Board wishes to seek the approval of the shareholders of AZRB for the renewal of Shareholders' Mandate obtained on 15 December 2022, which would enable AZRB Group to continue to enter into the RRPT, provided that such transactions are entered within the ordinary course of business and undertaken at arms' length, on normal commercial terms of the AZRB Group 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.

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a Shareholders' Mandate that is necessary for its day-to-day operations, 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;
- (b) the Shareholders' Mandate is subject to annual renewal and the disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where:
 - (i) the consideration, value of assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (ii) The percentage ratio of such RRPT is 1% or more,whichever is the higher,
- (c) the listed issuer to issue circular to shareholders for the Shareholders' Mandate;
- (d) in the meeting to obtain Shareholder's Mandate, the interested Director, interested Major Shareholder or interested 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, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) an immediate announcement is made to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more and the announcement must include the information as prescribed by Bursa Securities.

The Proposed Shareholders' Mandate is subject to an annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall take effect from and including 12 December 2023, being the date of the forthcoming 26th AGM and shall only continue to be in force until:

- (a) the conclusion of the next AGM of AZRB (being the 26th AGM of the Company) following the forthcoming AGM (being the 26th AGM of the Company) at which such Proposed Shareholders' Mandate is passed, at which time the said authority will lapse, unless by a resolution passed at a general meeting whereby the authority of the Proposed Shareholders' Mandate is renewed; or
 - (b) the expiration of the period within which the next AGM of AZRB (being the 27th AGM of the Company) 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 earlier.

Approval from shareholders will be sought for the renewal of the Shareholders' Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit and Risk Committee.

The estimated transaction values are based on the information available and management's estimates at the point of estimation. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value.

4. PRINCIPAL BUSINESS ACTIVITIES OF AZRB AND ITS SUBSIDIARIES

AZRB's principal activities are investment holding, management services and contractors of civil and structural construction works while the principal activities of its subsidiaries are as follows:

Subsidiaries	Principal Activities	Equity Interest (%)
AZSB	Contractor of civil and structural works and to carry on all or any of the business of transport operators	100
ICSB	Dealer of marine fuels and lubricants	100
Tadok Granite Manufacturing Sdn Bhd	Dormant	100
AZRB International Ventures Sdn Bhd	Investment holding	100
Trend Vista Development Sdn Bhd	Dormant	100
Peninsular Medical Sdn Bhd	To carry out maintenance services of a teaching hospital via concession and assets management agreements	100
AZ Land & Properties Sdn Bhd	Property development	100
EKVE Sdn Bhd	Engaged in the business of construction, establishment, operation, maintenance and management of highway	100
Unggul Energy & Construction Sdn Bhd	Dormant	100
Peninsular Prokonsult Sdn Bhd	Project management services	100
Residence Inn & Motels Sdn Bhd	Hotel operator and hotel project consultant	100
AZRB Capital Sdn Bhd	A special purpose vehicle established solely for the purpose of issuance of Sukuk, in compliance with Shariah principles	100
Sambungan Lebuhraya Timur Sdn Bhd	Dormant	100
PT Ichtiar Gusti Pudi	Oil palm cultivation and processing of palm oil	95

Subsidiaries	Principal Activities	Equity Interest (%)
Ahmad Zaki Saudi Arabia Co. Ltd.	Contractor of civil and structural works	95
Temala Development Sdn Bhd	Property development	70
Betanaz Mills Sdn Bhd	Dormant	67
Matrix Reservoir Sdn Bhd	Investment holding and rental of plant, machineries and equipment	53
Betanaz Properties Sdn Bhd	Property development	51
Palmacorp Sdn Bhd	General contractor	50

Held through AZSB

Subsidiaries	Principal Activities	Equity Interest (%)
AZSB Machineries Sdn Bhd	Rental of machineries and equipment and to carry on all or any of the business of transport operators	100
Peninsular Precast Sdn Bhd	Fabricating and marketing of Industrial Building Products and System (IBS)	100
Kemaman Technology & Industrial Park Sdn Bhd	Property development	60

Held through AZRB International Ventures Sdn Bhd

Subsidiary	Principal Activities	Equity Interest (%)
Ahmad Zaki Saudi Arabia Co. Ltd	Contractor of civil and structural works	5

Held through Betanaz Mills Sdn Bhd

Subsidiary	Principal Activities	Equity Interest (%)
Peak Crops Sdn Bhd	Dormant	60

Held through Matrix Reservoir Sdn Bhd

Subsidiaries	Principal Activities	Equity Interest (%)
Astral Far East Sdn Bhd	Dealer of lubricants, petroleum-based products and selling of potable water	100
TB Supply Base Sdn Bhd	Logistics management services and vessel related services	100
TB Realty Sdn Bhd	Leasing of land and building	100

Subsidiaries	Principal Activities	Equity Interest (%)
TB Terminals Sdn Bhd	Dormant	100

5. NATURE OF RRPT AND ESTIMATED VALUES

The terms of the pricing of the following RRPT are consistent with AZRB Group's usual business pricing practices and policies. Hence, the pricing is not more favourable to the Related Parties than to the public and not to the detriment of the minority shareholders:

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Details of the RRPT being carried out are as follows:

Transacting party	Principal activities	Nature of transaction	New estimated value during the validity period from 26th AGM to 27th AGM (RM'000)*	Related Parties' interest in the transacting party			Related Parties' interest in AZRB				(I) Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 31 October 2022 "Estimated Value" (RM'000)	(II) Actual value transacted from the last AGM to 3 October 2023, being the LPD "Actual Value" (RM'000)	
				Related Parties	Nature of interest	Equity interest (%)	Nature of interest	Shareholding as at 3 October 2023 ⁽⁵⁾					
								Direct	%	Deemed			%
ZHSB ⁽¹⁾ and its subsidiaries ("ZHSB Group")	Investment holding	(i) Provision of administrative and security services to AZRB Group	14,000	ZHSB	Not applicable	Not applicable	Major Shareholder	319,444,836	53.56	-	-	14,000	1,059
TSWZ				Director of certain companies within ZHSB Group and Major Shareholder of ZHSB	30.00 [#]	Director of certain companies within AZRB Group and Major Shareholder of AZRB	4,757,371	0.80	321,982,659 ⁽²⁾	53.98 ⁽²⁾			
ZHSB				(ii) Provision of insurance agent services to AZRB Group	14,000	DSWZA	Director of certain companies within ZHSB Group and Major Shareholder of ZHSB	12.5 [#]	Director of certain companies within AZRB Group	5,266,220	0.88		
				DWZUL	Director of certain companies within ZHSB Group and Major Shareholder of ZHSB	12.5 [#]	Director of certain companies within AZRB Group	10,003,789	1.68	863,125 ⁽⁴⁾	0.14 ⁽⁴⁾		

					Related Parties' interest in the transacting party		Related Parties' interest in AZRB				(I) Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 31 October 2022 "Estimated Value" (RM'000)	(II) Actual value transacted from the last AGM to 3 October 2023, being the LPD "Actual Value" (RM'000)	
Transacting party	Principal activities	Nature of transaction	New estimated value during the validity period from 26th AGM to 27th AGM (RM'000)*	Related Parties	Nature of interest	Equity interest (%)	Nature of interest	Shareholding as at 3 October 2023 ⁽⁵⁾					
								Direct	%	Deemed			%
QMC Sdn Bhd ("QMC")	Quarry management and operations	Purchase of building materials by AZSB	20,000	TSWZ	Director and Major Shareholder of QMC	5.56 [#] 81.58 ⁽⁶⁾	Director of certain companies within AZRB Group and Major Shareholder of AZRB	4,757,371	0.80	321,671,459 ⁽²⁾	53.93 ⁽²⁾	20,000	-
Kemaman Quarry Sdn Bhd ("Kemaman Quarry")	Quarry management and operations	Purchase of building materials by AZSB	20,000	TSWZ	Director and Major Shareholder of Kemaman Quarry	0.08 [#] 79.29 ⁽⁶⁾	Directors of certain companies within AZRB Group and Major Shareholder of AZRB	4,757,371	0.80	321,671,459 ⁽²⁾	53.93 ⁽²⁾	20,000	-
		Sale of diesel by ICSB	10,000	DWZUL	Director and Shareholder of Kemaman Quarry	0.08 [#]	Director of certain companies within AZRB Group	10,003,789	1.68	863,125 ⁽⁴⁾	0.14 ⁽⁴⁾	10,000	37

Transacting party	Principal activities	Nature of transaction	New estimated value during the validity period from 26 th AGM to 27 th AGM (RM'000)*	Related Parties	Related Parties' interest in the transacting party		Related Parties' interest in AZRB				(I) Estimated aggregate value as disclosed in the preceding year's circular to shareholders 31 October 2022 "Estimated Value" (RM'000)	(II) Actual value transacted from the last AGM to 3 October 2023, being the LPD "Actual Value" (RM'000)	
					Nature of interest	Equity interest (%)	Nature of interest	Shareholding as at 3 October 2023 ⁽⁵⁾					
								Direct	%	Deemed			%
MIM Waste Services Sdn Bhd	Dealing in scrap, providing waste management services and highway maintenance	Purchase of scrap from AZRB Group	2,500	DSWZA	Director of certain companies within ZHSB Group and Major Shareholder of ZHSB	12.5 ⁽⁶⁾	Director of certain companies within AZRB Group	5,266,220	0.88	27,000 ⁽³⁾	0.01 ⁽³⁾	2,500	145
		Sale of construction material, providing waste management services and highway maintenance to AZRB Group	10,000	DWZUL	Director of certain companies within ZHSB Group and Major Shareholder of ZHSB	12.5 ⁽⁶⁾	Director of certain companies within AZRB Group	10,003,789	1.68	863,125 ⁽⁴⁾	0.14 ⁽⁴⁾	10,000	22

Notes:

- * Period from the forthcoming 26th AGM until the following 27th AGM to be convened. The transaction prices are estimates only and are based on the prevailing market rates, which are subject to market fluctuations.
- # Direct Interest
- (1) The holding company of AZRB.
- (2) Deemed interest by virtue of Section 8 of the Act held through ZHSB, spouse, children and son-in-law.
- (3) Deemed interest by virtue of Section 8 of the Act held through child.
- (4) Deemed interest by virtue of Section 8 of the Act held through spouse and children.
- (5) The shareholding is based on the issued and paid up capital of the Company after deducting 1,662,862 ordinary shares held as treasury shares as at 3 October 2023.
- (6) Deemed interest by virtue of his interest in ZHSB pursuant to Section 8 of the Act.

6. DISCLOSURE AND REVIEW PROCEDURES FOR THE RRPT

6.1 Disclosure for the RRPT

Disclosure will be made in the annual report of the Company on the breakdown of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate is in force.

The disclosure will include, amongst others, the following information:

- (i) the type of RRPT; and
- (ii) the names of the Related Parties involved in each type of the RRPT entered into and the relationship with AZRB Group.

6.2 Review procedures for the RRPT

As part of the existing internal procedures in relation to RRPT, AZRB Group will continue to implement the following procedures for general transactions to ensure that the RRPT of AZRB Group are undertaken at arms' length and on normal commercial terms of AZRB Group which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of minority shareholders:

- (i) A list of Related Parties has been circulated to the subsidiaries of AZRB to notify them that any RRPT are required to be undertaken at arms' length, on normal commercial terms of AZRB Group 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;
- (ii) AZRB and each of its subsidiaries will record all RRPT which are entered into pursuant to the Shareholders' Mandate;
- (iii) Each of the subsidiaries of AZRB will submit a RRPT report to the management team of the Company on a quarterly basis;
- (iv) The management team of the Company will review and summarise the RRPT reports for the consideration of the Audit and Risk Committee on a quarterly basis;
- (v) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with unrelated third parties, business practices and policies and terms which are generally in line with industrial norms and is not detrimental to the Group and the minority shareholders. Other factors taken into considerations for evaluation purposes will be reliability to supply, delivery, quality materials or goods and services;
- (vi) AZRB Group will obtain quotations from third parties in order to compare quotations from Related Parties and will make purchases from the parties (whether they are third parties or Related Parties) which offer the lowest quotations. Although the Group also sources similar products and services from third parties, the Board of Directors is of the view that these close business relationships with the Related Parties allow the Group to be more competitive in terms of product pricing and response time in the steel related sector and creates an extensive network of marketing, distribution and manufacturing operations for the Group. These upstream and downstream linkages will help to reduce inventory costs, increase availability and fulfill customer demands, improve asset allocation, reduce inventory lead time and better utilisation of resources;

- (vii) The Audit and Risk Committee will review the management's reports on the RRPT to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review shall be carried out at the quarterly meetings of the Audit and Risk Committee;
- (viii) There was no specific threshold for approval of RRPTs within the AZRB Group. However, all RRPTs are subject to the approval of the appropriate levels of authority as determined by the senior management and/or the Tender Board (i.e. chaired by independent non-executive director) from time to time, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any RRPT, such Director will abstain from deliberation and decision making;
- (ix) The Board and Audit and Risk Committee shall have the overall responsibility for the determination of the review procedures and processes with authority to sub-delegate to officers within AZRB Group as they deem appropriate; and
- (x) The Board and the Audit and Risk Committee have reviewed the procedures and will continue to review the procedures on a quarterly basis or as and when required, with the authority to sub-delegate the review process to individuals or committees within AZRB Group as they deem appropriate. If a member of the Board or the Audit and Risk Committee has an interest in the transaction to be reviewed by the Board or the Audit and Risk Committee, as the case may be, he will abstain from any decision-making by the Board or Audit and Risk Committee in respect of that transaction.

7. AUDIT AND RISK COMMITTEE'S STATEMENT

The Audit and Risk Committee of the Company has reviewed the procedures mentioned in Paragraph 6.2 above and is satisfied that:

- (a) the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and these procedures and processes are reviewed on a quarterly basis or as and when required; and
- (b) the procedures above are sufficient to ensure that the terms of the RRPT are fair, reasonable, on normal commercial terms and are not more favourable to the Related Party than those generally available to the public and the RRPTs are not detrimental of the minority shareholders and are in the best interest of the Group.

8. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Recurrent Related Party Transactions (RRPT) that have been entered into and that will be entered into by AZRB Group are transactions in the ordinary course of business made on arm's length basis which are necessary to meet the business needs of AZRB Group at the best possible terms. Therefore, it is anticipated that the Recurrent Related Party Transactions are likely to continue on a frequent and recurrent basis from time to time.

The Proposed Renewal of Existing Shareholders' Mandate is intended to enhance AZRB Group's ability to pursue business opportunities, which are time-sensitive in nature and confidentiality of such transactions, and it may be impractical to seek approval from the shareholders on a case-to-case basis before entering into such RRPT. As such, the Board is seeking shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements to allow AZRB Group to enter into such RRPT made at arm's length basis and on normal commercial term and which are in the Board's opinion, not prejudicial to the interests of the shareholders and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The shareholders' mandate for RRPT(s), which is to be renewed annually, will eliminate the requirement by the Company to make regular announcements and convene separate general meetings from time to time for the entry of the aforesaid RRPT(s). This will serve to substantially reduce expenses associated with the convening of such meetings on an ad-hoc basis, improve administrative efficiency and allow human resources and time to be channeled towards attaining other corporate objectives and opportunities.

9. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate has no foreseeable adverse effect on the share capital and substantial shareholding of AZRB and the NA, gearing and earnings of AZRB Group.

10. AMOUNT DUE AND OWING TO AZRB GROUP BY ITS RELATED PARTIES PURSUANT TO THE RRPT

The breakdown and ageing analysis of amount due and owing to AZRB Group by the Related Parties pursuant to the RRPT, which exceeded the credit term for the following periods as at the end of the financial year ended 30 June 2023 are as follows:

Principal Sum (RM)	Late Payment Interest (RM)	Total Outstanding Amount (RM)	Ageing Analysis (RM)			
			≤1 year	> 1 year to 3 years	> 3 years to 5 years	> 5 years
5,224,578	-	5,224,578	1,167,236	1,819,482	216,224	2,021,636

The Board is of the opinion there will be no recoverability issues as the overdue amount is closely monitored by the Management who is optimistic that the amount is recoverable

11. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM.

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors, Major Shareholders of the Company or Persons Connected with the Directors and/or Major Shareholders of the Company have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

In addition to being Directors and/or having equity interest in AZRB, DSWZA, and DWZUL (collectively, "Interested Directors") are Directors and/or have equity interest in the relevant companies involved in the RRPT and hence are interested in the Proposed Shareholders' Mandate.

ZHSB is a Major Shareholder of AZRB and is also a transacting party with AZRB Group and hence is deemed to be interested in the Proposed Shareholders' Mandate ("Interested Major Shareholder").

The Interested Directors have abstained and will continue to abstain from deliberating and voting on the resolutions in respect of the relevant RRPT in which they are interested at the relevant meetings of the Board.

The Interested Directors and Interested Major Shareholder will abstain and have also undertaken to ensure that the Persons Connected with them will abstain from voting in respect of their direct and indirect shareholdings in the Company on the relevant ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

13. DIRECTORS' RECOMMENDATION

The Board (other than the Interested Directors), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that it is in the best interest of the AZRB Group and accordingly, recommends that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

14. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for additional information.

Yours faithfully
For and on behalf of the Board of
Ahmad Zaki Resources Berhad

Lee Chee Khoon
Independent Non-Executive Director

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PART B

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY



Ahmad Zaki Resources Berhad

(Registration No. 199701017271 (432768-X))
(Incorporated in Malaysia)

Registered Office:

Menara AZRB
No. 71, Persiaran Gurney
54000 Kuala Lumpur

31 October 2023

Board of Directors:

Tan Sri Dr Madinah binti Mohamad (*Independent Non-Executive Chairman*)
Dato' Sri Wan Zakariah bin Haji Wan Muda (*Group Managing Director*)
Dato' Ir. W Zulkifli bin Haji W Muda (*Deputy Group Managing Director (1)*)
Dato' Roslan bin Tan Sri Jaffar (*Deputy Group Managing Director (2)*)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (*Non-Independent Non-Executive Director*)
Dato' Ir. Haji Che Noor Azeman bin Yusoff (*Independent Non-Executive Director*)
Mr Lee Chee Khoon (*Independent Non-Executive Director*)

To: The Shareholders of Ahmad Zaki Resources Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (“PROPOSED SHARE BUY-BACK”)

1. INTRODUCTION

The Company had on 12 December 2022, at its 24th AGM obtained an approval from its shareholders to purchase of up to 10% of the total number of issued shares of the Company. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion at the forthcoming AGM of the Company, unless such authority is renewed and shareholders' approval is obtained at the forthcoming AGM.

On 30 October 2023, the Board had announced the Company's intention to seek the shareholders' approval at the forthcoming AGM on the Proposed Renewal of Share Buy-Back Authority. The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Statement is to provide you with the relevant information of the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the ordinary resolution in respect thereof to be tabled at the 26th AGM. The Notice of the 26th AGM and the Proxy Form are enclosed in the Annual Report 2023 of the Company, which can be downloaded from the Company's website at <https://azrb.com/annual-general-meeting-2023>

SHAREHOLDERS OF AZRB ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AT THE 26TH AGM OF THE COMPANY

2. AGM

Our AGM will be conducted on virtual basis through live streaming and online remote voting from the Broadcast Venue at Boardroom, 7th Floor, Menara AZRB, No.71 Persiaran Gurney, 54000 Kuala Lumpur on Tuesday, 12 December 2023 at 10.30 a.m for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out in the notice of AGM. The notice of AGM that contains the resolution pertaining to the Proposed Share Buy-Back has been incorporated into the 2023 Annual Report which is being circulated to you together with this Circular.

If you are unable to participate in the AGM, you may complete and return the Form of Proxy enclosed in the 2023 Annual Report in accordance with the instructions printed therein as soon as possible and in any event so as to arrive at the Share Registrar Office of the Company not less than 48 hours before the time fixed for the AGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from participating and voting at the AGM should you subsequently decide to do so.

3. DETAILS OF THE PROPOSED SHARE BUY-BACK

In accordance with Section 127 of the Act, the Company's Constitution, the Listing Requirements and any prevailing laws, orders, guidelines, rules and regulations issued by the relevant authorities at the time of the purchase, the Company is allowed to purchase its own Shares on Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

Accordingly, the Board proposes to seek the authority from the shareholders of AZRB to purchase and/or hold from time to time and at any time up to 10% of its issued Shares for the time being quoted on Bursa Securities through stockbroker(s) to be appointed at a later date.

3.1 Maximum number or percentage of AZRB Shares to be acquired

The maximum aggregate number of AZRB Shares, which may be purchased by the Company, shall not exceed 10% of the issued shares at any point in time.

The Company has a total of 1,662,862 Shares held as Treasury Shares. As at the LPD, AZRB has a total of 598,097,678 Shares (inclusive of Treasury Shares). Pursuant to the Proposed Share Buy-Back, AZRB may purchase up to 58,146,905 AZRB Shares, representing 10% of its total number of issued Shares as at the LPD. The Treasury Shares against the total number of issued Shares of the Company as at the LPD was 0.28%.

3.2 Source of funds

The Proposed Share Buy-Back shall be funded through internally generated funds and the maximum funds allocated shall not exceed the sum of the retained earnings of the Company based on the audited financial statements for the financial year ended 30 June 2023.

The actual number of Shares to be purchased, the total amount of funds to be utilised, impact on cash flows as well as the timing of the proposed purchase by the Company of its own Shares will be dependent on amongst others, the market conditions, sentiments of the stock market and the available retained earnings and financial resources of the Company at the time of purchase(s).

Based on the audited financial statements for the financial year ended 30 June 2023, the retained earnings of the Company were 148,383,398. The Company will ensure that the total amount of retained earnings of the Company will be sufficient to effect the Proposed Share Buy-Back.

3.3 Duration of the Proposed Share Buy-Back

The implementation of the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back by the shareholders of AZRB at the forthcoming AGM. Pursuant to Paragraph 12.07(3) of the Listing Requirements, the Proposed Share Buy-Back shall be valid until:

- (a) the conclusion of the next AGM of the Company following at which time the authority will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in the general meeting,

whichever occurs first.

The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares on Bursa Securities. The Proposed Share Buy- Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

3.4 Treatment of Purchased Shares

In accordance with Section 127(4) of the Act, the Board is able to deal with the Purchased Shares in the following manner:

- (a) to cancel the Shares so purchased;
- (b) to retain the Shares so purchased as Treasury Shares;
- (c) to retain part of the Shares so purchased as Treasury Shares and cancel the remainder; or
- (d) deal with the Shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time.

Accordingly, based on Section 127(7) of the Act, where such Purchased Shares are held as Treasury Shares, the Board may, at their discretion:

- (a) distribute the Treasury Shares as dividends to AZRB shareholders, such dividends to be known as "share dividends";
- (b) resell the Treasury Shares or any of the Treasury Shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the Treasury Shares or any of the Treasury Shares for the purpose of or under an employees' share scheme;
- (d) transfer the Treasury Shares or any of the Treasury Shares as purchase consideration;
- (e) cancel the Treasury Shares or any of the Treasury Shares; or
- (f) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister charged with the responsibility for companies (as set out in the Act) may by order prescribe.

If such Purchased Shares were held as Treasury Shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise would be suspended and the Treasury Shares would not be taken into account in calculating the number or percentage of Shares or a class of Shares in the Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at shareholders meetings.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be determined by the Board at the appropriate time.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of AZRB Shares and whether the Purchased Shares will be cancelled or retained as Treasury Shares or a combination of both.

3.5 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, AZRB may only purchase its own Shares at a price which is not more than 15% above WAMP of AZRB Shares for the 5 Market Days immediately preceding the date of the purchase(s).

The Treasury Shares arising from the share buy-back, including those Shares that have been bought back as at the date of this Circular, may be resold on the market or transferred pursuant to Section 127(7) of the Act, if so determined by the Board, at:

- (a) a price which is not less than the WAMP for the Shares for the 5 Market Days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the WAMP for the Shares for the 5 Market Days immediately before the resale or transfer provided that:
 - (i) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

3.6 Public Shareholding Spread of AZRB

As at the LPD, the public shareholding spread of the Company was 42.05%.

The Board is mindful of the requirement that any purchase of AZRB Shares by the Company must not result in the public shareholding spread of AZRB falling below 25% of the total number of issued Shares.

3.7 Purchase, Resale or Cancellation of Treasury Shares made in the preceding 12 months

As at the LPD, the Company held a total of 1,662,862 Treasury Shares. The Company has not purchased, resold and/or cancelled any Shares during the last 12 months preceding the LPD.

3.8 Implications relating to the Code

If the Proposed Share Buy-Back results in the equity interest of any one of the substantial shareholders and their respective parties acting in concert obtain control in the Company or if his/their existing shareholdings is between 33% to 50% and increases by more than 2% in any 6 months period, the affected substantial shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remainder AZRB Shares not held by the said affected substantial shareholder and parties acting in concert pursuant to the Code. However, a waiver to undertake a mandatory offer may be granted by the Securities Commission under the Code, subject to the affected substantial shareholder and parties acting in concert complying with certain conditions.

In this respect, the Board will be mindful of the potential implications relating to the Code. In the event that the obligations relating to the Code are expected to be triggered as a result of the Proposed Share Buy-Back, which is an action outside its direct participation, the affected substantial shareholder and parties acting in concert will apply to the Securities Commission for an exemption from undertaking the mandatory offer under the Code.

3.9 Potential Advantages and Disadvantages of the Proposed Share Buy-Back

The potential advantages of the Proposed Share Buy-Back are as follows:

- (a) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby support its fundamental value. The stability of the share price is important in order to maintain investors' confidence to facilitate the Company's future fund raising exercises via issues of equity shares or other instruments should there be any.
- (b) The Company will have the opportunity to realise potential capital gains if the Purchased Shares are resold at prices higher than the purchase prices and such proceeds may be subsequently utilised for working capital and investment opportunities arising in the future. If the Purchased Shares are subsequently cancelled, this may strengthen the earnings per share of the Company.
- (c) The Purchased Shares (if retained as Treasury Shares) may serve as an alternative to reward the shareholders of the Company in the event the Company distributes the Treasury Shares as share dividends or bonus shares.
- (d) The Board may also transfer the Treasury Shares for the purpose of ESS or as purchase consideration. In the event the Treasury Shares are transferred for ESS, it will serve to reward the employees of AZRB Group and if the Treasury Shares are transferred to be used as purchase consideration, it will save the Company's time and costs associated with the fresh issuance of shares.

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (a) The Proposed Share Buy-Back will reduce the financial resources available for distribution to the shareholders of the Company and should there be any good investment opportunity arising in the future, the Company may have to resell the Purchased Shares for cash in the market not at an opportune time.
- (b) The Proposed Share Buy-Back will reduce the trading liquidity of Shares in the open market as a result of a decrease in the number of outstanding Shares.

The Board does not expect the Proposed Share Buy-Back to result in any material disadvantage to the Company and its shareholders as it will be implemented only after taking into consideration that there is adequate cash flow to fund AZRB Group's working capital requirements and dividends to be paid to the shareholders prior to allocating the available resources for the Proposed Share Buy-Back. In any event, the Board will be mindful of the interests of the Company, the Group and the shareholders in implementing the Proposed Share Buy-Back.

4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable AZRB to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market on Bursa Securities as and when the Board deems fit in the interest of the Company and its shareholders during the validity period of the Proposed Share Buy-Back. With the Proposed Share Buy-Back mandate being procured, the Company will be able to stabilise the supply and demand of AZRB Shares traded on Bursa Securities and thereby supports its fundamental value, if required.

In addition, the Purchased Shares may be held as Treasury Shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued shares of the Company. Should any Treasury Shares be distributed as share dividends, this will serve to reward the shareholders of the Company.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of AZRB Shares as traded on the Main Market of Bursa Securities for the preceding 12 months are as follows:

Month and Year	Highest (RM)	Lowest (RM)
2022		
October	0.180	0.165
November	0.190	0.160
December	0.185	0.160
2023		
January	0.180	0.155
February	0.185	0.155
March	0.170	0.120
April	0.160	0.125
May	0.160	0.130
June	0.240	0.140
July	0.290	0.200
August	0.280	0.210
September	0.275	0.225

The last transacted market price of AZRB Shares on the LPD was RM0.235

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are as follows:

6.1 Issued Share Capital

The effect illustrated in the table below are based on the following assumptions:

(a) Minimum Scenario

Assuming that there is no exercise of Warrants and ESS Options prior to the purchase by AZRB of its own shares pursuant to the Proposed Share Buy-Back.

(b) Maximum Scenario

Assuming that all the outstanding Warrants of 116,201,952 and ESS Options of 1,860,365 as at the LPD are exercised into new AZRB Shares prior to the purchase by AZRB of its own shares pursuant to the Proposed Share Buy-Back.

The pro forma effects of the Proposed Share Buy-Back on the issued share capital of the Company assuming that the maximum number of AZRB Shares (of up to 10% of the total number of shares) authorised under the Proposed Share Buy-Back are purchased and cancelled, is as set out below:

	As at LPD	After Proposed Share Buy-Back Minimum Scenario	After Proposed Share Buy-Back Maximum Scenario
Total number of issued Shares	598,097,678	598,097,678	598,097,678
Assuming full exercise of outstanding Warrants	-	-	116,201,952
Assuming full exercise of outstanding ESS Options	-	-	1,860,365
Enlarged total number of issued Shares	598,097,678	598,097,678	716,160,265
Treasury Shares	1,662,862	1,662,862	1,662,862
Maximum number of AZRB Shares that may be purchased pursuant to the Proposed Share Buy-Back	-	58,146,905	69,953,164
Total number of issued Shares after cancellation of AZRB Shares purchased under the Proposed Share Buy-Back	596,434,816	538,287,911	644,544,239

6.2 NA and Working Capital

The effect of the Proposed Share Buy-Back on the NA of AZRB Group will depend on the purchase price(s) of AZRB Shares and the effective funding cost to AZRB Group to finance the purchase of AZRB Shares or any loss in interest income to the Company.

In the event that all the AZRB Shares are cancelled, the Proposed Share Buy-Back would reduce the NA of AZRB Group when the purchase price per AZRB Share exceeds the NA per AZRB Share at the relevant point in time, and vice versa.

The Proposed Share Buy-Back will reduce the working capital of AZRB Group, the quantum of which will depend on the purchase price(s) of AZRB Shares and the number of AZRB Shares purchased.

The NA per AZRB Share will decrease if the Purchased Shares are retained as Treasury Shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA by the cost of the treasury shares. If the Treasury Shares are resold on Bursa Securities, the NA per AZRB Share will increase if the Company realises a gain from the resale, and vice versa. If the Treasury Shares are distributed as share dividends, the NA per AZRB Share will decrease by the cost of the treasury shares.

6.3 EPS

The effect of the Proposed Share Buy-Back on the EPS of AZRB Group will depend on the purchase price(s) of AZRB Shares and the effective funding cost to AZRB Group to finance the purchase of AZRB Shares or any loss in interest income to the Company.

Assuming the AZRB Shares purchased are retained as Treasury Shares and resold, the effects on the EPS of AZRB Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the AZRB Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of AZRB Group provided the income forgone and/or interest expense incurred on the AZRB Shares purchased is less than the EPS before the Proposed Share Buy-Back.

6.4 Dividends

The Proposed Share Buy-Back may reduce the cash available, which may otherwise be used for the dividend payment. Nonetheless, if AZRB Shares so purchased are retained as Treasury Shares, the Treasury Shares may be distributed as dividends to shareholders of the Company if the Company so decides.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Record of Depositors as at the LPD and assuming the Proposed Share Buy-Back is implemented in full (i.e. up to 10% of the total number of issued shares) and that the AZRB Shares purchased are from shareholders other than the existing Directors, Major/Substantial Shareholders and persons connected with them, the effect of the Proposed Share Buy-Back on the shareholdings of the existing Directors, Major/Substantial Shareholders and persons connected with them by virtue of Section 127 of the Act are set out below:

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Directors' and Substantial Shareholders' shareholdings

	As at LPD				After Proposed Share Buy-Back							
					Minimum Scenario				Maximum Scenario			
	Direct		Deemed*		Direct		Deemed*		Direct		Deemed*	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Tan Sri Dr Madinah binti Mohamad	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Sri Wan Zakariah bin Haji Wan Muda	5,266,220	0.88	27,000	0.01	5,266,220	0.98	27,000	0.01	5,875,588	0.91	27,000	0.004
Dato' Ir. W Zulkifli bin Haji W Muda	10,003,789	1.68	863,125	0.14	10,003,789	1.86	863,125	0.16	10,408,942	1.61	863,125	0.13
Dato' Roslan bin Tan Sri Jaffar	1,061,262	0.18	492,187	0.08	1,061,262	0.20	492,187	0.09	1,380,480	0.21	597,655	0.09
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,000,000	0.33	-	-	2,000,000	0.37	-	-	2,230,000	0.35	-	-
Dato' Ir. Haji Che Noor Azeman bin Yusoff	-	-	-	-	-	-	-	-	-	-	-	-
Mr Lee Chee Khoon	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholder												
Zaki Holdings (M) Sdn Bhd	319,444,836	53.56	-	-	319,444,836	59.34	-	-	379,611,252	58.90	-	-

Notes:

* Deemed interest in securities held through person(s) connected with the Director.

8. CONDITIONS TO THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is conditional upon approval being obtained from shareholders of the Company at the forthcoming AGM and is subject to an annual renewal.

9. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS AND/OR PERSON(S) CONNECTED

None of the Directors and/or Major Shareholder of the Company and/or persons connected to them has any interests, direct or indirect, in the Proposed Share Buy-Back or resale of Treasury Shares, if any.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. As such, the Directors recommend that you vote in favour of Proposed Share Buy-Back at the forthcoming AGM of the Company.

11. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for additional information.

Yours faithfully
For and on behalf of the Board of
Ahmad Zaki Resources Berhad

Lee Chee Khoon
Independent Non-Executive Director

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

Save as disclosed below, neither AZRB nor any of its subsidiaries, is engaged in any material litigations, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of AZRB or its subsidiaries and the Board of Directors of AZRB has no knowledge of any proceedings pending or threatened against AZRB and/or its subsidiaries or of any other facts likely to give rise to any proceedings which might materially affect the financial position or business of AZRB and/or its subsidiaries:

(a) Arbitration by Cobrain Holdings Sdn Bhd (“Cobrain”) against AZRB

On 20 October 2014, AZRB received a Notice of Arbitration from its subcontractor, Cobrain seeking the full payment of the final claim totalling SAR14,370,941.28 (approximately RM12,485,653).

Cobrain was appointed by AZRB to undertake the sub-contract work to “Supply, Install, Testing and Commissioning of Electrical High Tension, Low Voltage and Structure Cabling Services for the Construction of Phase 1 and Phase 2” for the project known as “Al-Faisal University Campus Development Project” in Riyadh, Kingdom of Saudi Arabia.

Cobrain’s newly appointed solicitors served a notice for nomination of Arbitrator in August 2018 and the Asian Centre of International Arbitration (AIAC) has appointed an Arbitrator who has issued Order No. 17, fixing the hearing dates on 10, 11 and 12 November 2020 as well as 8 and 9 February 2021. Hearing dates were vacated and subsequently set for 5 and 6 May 2021. Arbitration hearings concluded on 6 May 2021 and currently, pending award.

This dispute has been concluded as the Final Award was delivered on 25 January 2022 in favour of Cobrain. As a result, the parties entered into a Consent Judgment dated 24 March 2022 wherein AZRB is to pay Cobrain a sum of RM8,737,323.85 through 4 instalment payments ending August 2022.

The final payment was made on 22 August 2022. Case closed.

(b) Claim by Betanaz Properties Sdn Bhd (“BPSB”) against AEON Co. (M) Bhd (“AEON”) and Counterclaim by AEON

On 2 March 2021, BPSB, a 51%-owned subsidiary of AZRB served a Writ and Statement of Claim (“Claim”) on AEON pertaining to the breach of Tenancy Agreement by AEON which was entered into between both parties on 24 August 2017, under which BPSB granted to AEON a tenancy and lease of a plot of land held under H.S.(D) 59653, PT No. 145020, Mukim Kuala Kuantan, Daerah Kuantan, Pahang for AEON to construct and thereafter, operate a commercial shopping complex. The Tenancy Agreement was subsequently supplemented and/or amended by a Supplementary Tenancy Agreement dated 13 September 2019.

BPSB claim against AEON, amongst others, a sum of RM59,302,302.97.

BPSB and AZRB had on 29 March 2021 and 31 March 2021 respectively, received a Defence to BPSB’s claim, and a Counterclaim by AEON against BPSB and AZRB seeking a refund of the monies paid by AEON to BPSB and AZRB, on the ground that the Tenancy Agreement, and the Commercial Agreement dated 24 August 2017 between AZRB and AEON (“Commercial

Agreement”) were allegedly void by reason of the alleged non-fulfilment of the conditions precedent to those agreements.

AEON claim against BPSB, amongst others, the return or payment of RM2,303,087 under the Tenancy Agreement and against AZRB, amongst others, the return of RM28,415,094.44 under the Commercial Agreement.

BPSB has filed its Reply to Defence and Defence to Counter-claim on 19 April 2021 and AZRB has filed its Defence to the Counter-Claim and an Application to Strike Out the Counter-Claim on 7 May 2021. On 22 October 2021, the High Court allowed AZRB’s striking out application against AEON’s Counterclaim with costs. On 26 October 2021, AEON appealed to the Court of Appeal against the High Court Order dated 22 October 2021. On 9 May 2022, the Court of Appeal allowed AEON’s appeal and set aside the Order of the High Court dated 22 October 2021. As a result, AZRB was reinstated as the 2nd Defendant in AEON’s Counterclaim.

On 01st June 2023, AEON filed 2 Applications against Betanaz and AZRB for specific discovery of a number of categories of documents (“Specific Discovery Applications”). Both AEON’s Specific Discovery Applications were heard by the trial Judge on the first day of Trial on 06th July 2023, and were dismissed with costs in the cause.

The trial of the abovenamed action has since commenced on 6.7.2023 and 7.7.2023 and is fixed to continue on 1.9.2023, 23.11.2023, 24.11.2023, 12.1.2024, 23.1.2024 and 24.1.2023.

(c) AZSB claim against Edgenta Propel Berhad (“Edgenta”)

AZSB, a wholly-owned subsidiary of AZRB had on 14 April 2021 served a Writ and Statement of Claim (“Claim”) on Edgenta pertaining to the Klang Valley Mass Rapid Transit’s Putrajaya Line (MRT2) project for the Protection & Relocation of Utilities (Relocation of Telecommunications Works) sub-contract work, which was awarded to Edgenta via a Letter of Award dated 5 August 2016 (“Works”).

AZSB claim against Edgenta, amongst others, a sum of RM23,751,000 as liquidated ascertained damages and RM1,848,227.33 being the costs difference incurred by AZSB in engaging a third-party rescue sub-contractor to complete the Works.

The hearing dates have been fixed from 9 May 2022 until 13 May 2022.

Parties have reached an amicable settlement of the matter and a Consent Judgment has been recorded before the High Court Judge on 27 July 2022.

3. MATERIAL CONTRACTS

Save as disclosed below, AZRB and/or its subsidiaries, have not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the date of this Circular:

- (a) On 14 January 2022, AZSB, a wholly-owned subsidiary of AZRB, has entered into a Sale and Purchase Agreement with Associated Concrete Products (Malaysia) Sdn Bhd and Persys Sdn Bhd (formerly known as ACP Resources Sdn Bhd) for the acquisition of the following properties for a total cash consideration of RM41 million:
- (i) a piece of freehold industrial land, marked as Lot 10073, held under Geran 227726, located at Mukim of Batang Kali, District of Ulu Selangor, Selangor measuring approximately 19.26 hectares (equivalent to approximately 2,073,129.1 sq.ft.) (“Land”); and
 - (ii) a factory erected on the Land, which has machineries and equipment.
- (b) On 23 March 2022, ICSB, a wholly-owned subsidiary of AZRB, has entered into a Rental and Bunkering Services Agreement (“Agreement”) with Pangkalan Bekalan Kemaman Sdn Bhd to receive, store, distribute and sell marine oil and carry out bunkering activities at Kemaman Supply Base main wharf. The Agreement commenced from 1 April 2022 until 31 March 2032 (“Lease Period”) with an option to extend the Lease Period for another 10 years.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Menara AZRB, No. 71, Persiaran Gurney, 54000 Kuala Lumpur during normal office hours on Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:

- (a) The Constitution of the Company;
- (b) The Audited consolidated financial statements of AZRB for the past two (2) financial years up to the financial year ended 30 June 2023
- (c) The material litigations as referred to in Section 2 above; and
- (d) The material contracts as referred to in Section 3 above.