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

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Circular in respect of the Proposed Renewal of Existing Shareholders' Mandate (as defined herein) prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**").

Bursa Securities has only perused the contents of this Circular in respect of the Proposed New Shareholders' Mandate (as defined herein) on a limited review basis pursuant to Paragraph 4.1(c) of Practice Note 18 of the Listing Requirements prior to its issuance.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

*A Member of*

SUNRIGHT

# KESM INDUSTRIES BERHAD

Registration No.: 197201001376 (13022-A)
(Incorporated in Malaysia)

## CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

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

**(II) PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")**

The resolutions in relation to the proposals set out in this Circular will be tabled as Special Business at the 54th Annual General Meeting ("**AGM**") of KESM Industries Berhad ("**KESMI**") which will be held at Connexion Conference & Event Centre, Spectrum & Prism (Level 3A), Nexus, Bangsar South, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 14 January 2026 at 10:00 a.m. The Notice of the AGM setting out the resolutions together with the Proxy Form are enclosed in the Annual Report of KESMI for the financial year ended 31 July 2025 ("**Annual Report 2025**").

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Proxy Form enclosed in the Annual Report 2025 in accordance with the instructions therein. The Proxy Form should be lodged at the Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the AGM or any adjournment thereof. Alternatively, the instrument appointing a proxy can be submitted via email by attaching a signed PDF copy of the Proxy Form to bsr.helpdesk@boardroomlimited.com before the cut-off time for the lodgement. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

**IMPORTANT DATES**

| | | |
|---|---|---|
| Last date and time for lodging the Proxy Form | : | Monday, 12 January 2026 at 10:00 a.m. |
| Date and time for the AGM | : | Wednesday, 14 January 2026 at 10:00 a.m. |

This Circular is dated 27 October 2025

## DEFINITIONS

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

| | | |
|---|---|---|
| "Act" | : | The Companies Act 2016, as amended from time to time and any re-enactment thereof |
| "AGM" | : | Annual General Meeting of the Company |
| "Annual Report 2025" | : | Annual Report of KESMI for the FYE 2025 |
| "Audit Committee" | : | Audit Committee of KESMI |
| "Board" | : | The Board of Directors of KESMI |
| "Bursa Securities" | : | Bursa Malaysia Securities Berhad |
| "Circular" | : | This circular dated 27 October 2025 to the shareholders of the Company in relation to the Proposed Shareholders' Mandate |
| "CMSA" | : | Capital Markets and Services Act 2007 |
| "Director(s)" | : | A director of KESMI or any other company which is a subsidiary or holding company of the Company, which, in accordance with Paragraph 10.02(c) of the Listing Requirements, has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the respective RRPTs were agreed upon, a director of the Company or any other company which is a subsidiary or holding company of the Company, or a chief executive of the Company or its subsidiary or holding company |
| "FYE(s)" | : | Financial year(s) ended 31 July |
| "KESMI" or the "Company" | : | KESM Industries Berhad |
| "KESMI Group" or the "Group" | : | KESMI and its subsidiaries, collectively |
| "KESM Test" | : | KESM Test (M) Sdn. Bhd., a wholly-owned subsidiary of KESMI which was incorporated in Malaysia |
| "KESM Tianjin" | : | KESM Industries (Tianjin) Co., Ltd., a wholly-owned subsidiary of KESMI which was incorporated in China |
| "KESP" | : | KESP Sdn. Bhd., a wholly-owned subsidiary of KESMI which was incorporated in Malaysia |
| "Listing Requirements" | : | Main Market Listing Requirements of Bursa Securities |
| "LPD" | : | 30 September 2025, being the latest practicable date prior to the printing of this Circular |
| "Major Shareholder(s)" | : | A major shareholder of KESMI, which, in accordance with Paragraph 10.02(f) of the Listing Requirements, includes any person who is or was within the preceding 6 months of the date on which the terms of the respective RRPTs were agreed upon, a major shareholder of the Company or its subsidiary or holding company whereby a "major shareholder" is defined under Paragraph 1.01 of the Listing Requirements as a person who has an interest or interests in one or more voting shares in KESMI and the number or the aggregate number of those shares, is 10% or more of the total number of voting shares in KESMI or 5% or more of the total number of voting shares in KESMI where such person is the largest shareholder of the Company |

| | | |
|---|---|---|
| "Proposed New Shareholders' Mandate" | : | Proposed new Shareholders' Mandate for additional RRPT being sought by KESMI from its non-interested shareholders |
| "Proposed Renewal of Existing Shareholders' Mandate" | : | Proposed renewal of the existing Shareholders' Mandate for the RRPTs being sought by KESMI from its non-interested shareholders |
| "Proposed Shareholders' Mandate" | : | Collectively, the Proposed Renewal of Existing Shareholders' Mandate and the Proposed New Shareholders' Mandate |
| "Related Party(ies)" | : | A Director or Major Shareholder or person connected with such Director or Major Shareholder, as defined in Paragraph 1.01 of the Listing Requirements |
| "Related Party Transaction(s)" | : | A transaction entered into by KESMI or its subsidiaries which involves the interest, direct or indirect, of a Related Party |
| "RM" | : | Ringgit Malaysia |
| "RRPT(s)" | : | Related Party Transaction(s) which are recurrent and of a revenue or trading nature which are necessary for the day-to-day operations of the KESMI Group and entered into in the ordinary course of business by the KESMI Group |
| "Share(s)" | : | Ordinary share(s) in KESMI |
| "Shareholders' Mandate" | : | A mandate from shareholders of the Company for the RRPTs, pursuant to Paragraph 10.09 of the Listing Requirements |
| "Sunright" | : | Sunright Limited, a 48.41% shareholder of KESMI |
| "Sunright Group" | : | Sunright and its subsidiaries, collectively |

Words denoting the singular number only shall include the plural and vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statute is a reference to that statute as for the time being amended or re-enacted.

[The rest of this page has been intentionally left blank]

**CONTENTS**


| | | PAGE |
|---|---|---|
| **DIRECTORS' LETTER TO SHAREHOLDERS CONTAINING:-** | | |
| 1.0 | INTRODUCTION | 1 |
| 2.0 | PROVISIONS UNDER THE LISTING REQUIREMENTS | 2 |
| 3.0 | DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE | 2 |
| 4.0 | DETAILS OF THE RRPTS | 3 |
| 5.0 | STATEMENT BY AUDIT COMMITTEE | 9 |
| 6.0 | DISCLOSURE AND VALIDITY PERIOD OF THE SHAREHOLDERS' MANDATE | 9 |
| 7.0 | RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE | 10 |
| 8.0 | APPROVAL REQUIRED | 10 |
| 9.0 | DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS | 10 |
| 10.0 | DIRECTORS' STATEMENT AND RECOMMENDATION | 11 |
| 11.0 | AGM | 11 |
| 12.0 | FURTHER INFORMATION | 12 |
| **APPENDIX** | | |
| I | FURTHER INFORMATION | 13 |

A Member of

SUNRIGHT

# KESM INDUSTRIES BERHAD

Registration No.: 197201001376 (13022-A)
(Incorporated in Malaysia)

**REGISTERED OFFICE**

802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

27 October 2025

**BOARD OF DIRECTORS**
Samuel Lim Syn Soo *(Executive Chairman & Chief Executive Officer)*
Kenneth Tan Teoh Khoon *(Executive Director)*
Kua Choh Leang *(Senior Independent Non-Executive Director)*
Dato' Dr. Suhazimah Binti Dzazali *(Independent Non-Executive Director)*
Lim Mee Ing *(Non-Independent Non-Executive Director)*

**To: The Shareholders of KESMI**

Dear Sir/Madam,

---

**(I) PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE; AND**
**(II) PROPOSED NEW SHAREHOLDERS' MANDATE.**

---

## 1.0 INTRODUCTION

On 15 January 2025, the Company obtained the general mandate from its shareholders for the KESMI Group to enter into the RRPTs based on commercial terms which are not more favourable to the Related Parties involved than those generally available to the public and in the ordinary course of business of the KESMI Group.

The said general mandate obtained for the RRPTs shall, in accordance with Paragraph 10.09 of the Listing Requirements, lapse at the conclusion of the forthcoming AGM which has been scheduled to be held on 14 January 2026, unless approval for its renewal is obtained from the shareholders of the Company.

In addition to the Proposed Renewal of Existing Shareholders' Mandate, the Company also intends to seek a new shareholder's mandate for the KESMI Group to enter into an additional RRPT.

Accordingly, the Company had on 18 September 2025 announced to Bursa Securities that the Company is proposing to seek the approval of its shareholders for the Proposed Shareholders' Mandate.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE, TO SET OUT YOUR BOARD'S RECOMMENDATION THEREON, AND TO SEEK YOUR APPROVAL ON THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING AGM. THE NOTICE OF THE AGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THE ANNUAL REPORT 2025.**

**SHAREHOLDERS OF KESMI ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.**

## 2.0 PROVISIONS UNDER THE LISTING REQUIREMENTS

In line with Paragraph 10.09(2) of the Listing Requirements, the Company may seek the Shareholders' Mandate subject to, inter-alia, the following:-

(i) the RRPTs are in the ordinary course of business and are on terms not more favourable to the Related Parties involved than those generally available to the public;

(ii) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the Annual Report 2025 of the aggregate value of RRPTs conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under subparagraph 10.09(1) of the Listing Requirements, i.e. where the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or the percentage ratios of such RRPTs (as prescribed in Paragraph 10.02 of the Listing Requirements) is 1% or more, whichever is the lower;

(iii) the Company's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

(iv) the interested Directors, interested Major Shareholders, interested persons 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 resolutions approving the RRPTs at the forthcoming AGM. An interested Director or interested Major Shareholder must also ensure that persons connected with them abstain from voting on the resolutions approving the RRPTs; and

(v) the Company immediately announces to Bursa Securities when the actual value of an RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

## 3.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

3.1 The principal activities of the Company are investment holding and provision of semiconductor burn-in and testing services. The principal activities of its subsidiaries are as follows:-

| Company | Effective equity interest (%) | Principal activity |
|---|---|---|
| KESP | 100 | Provision of semiconductor burn-in and testing services |
| KESM Test | 100 | Provision of semiconductor testing services |
| KESM Tianjin | 100 | Provision of semiconductor burn-in and testing services |

3.2 In the course of the Group's day-to-day business, the Group purchases burn-in equipment, testing equipment, electronic equipment, related machineries and related software from the Sunright Group on a recurrent basis.

Burn-in equipment are systems and boards used in the burn-in process. The burn-in process involves subjecting a semiconductor device to controlled stresses, which simulate in a compressed time frame, electrical and thermal conditions to which the device would be subjected to during its normal life applications, in an effort to uncover defects and to assure long term reliability.

Testing equipment refers to testers and related accessories used in the testing process. Testing is carried out to determine whether a semiconductor device operates as intended as well as graded for its quality.

Further details of the RRPTs are provided in section 4.0 below.

3.3 The Board is seeking the approval of the shareholders of KESMI for the Proposed Shareholders' Mandate for the Group to enter into the RRPTs on the conditions that such RRPTs are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties involved than those generally available to the public, and which will not be detrimental to the minority shareholders of KESMI.

3.4 Information on the RRPTs that were entered into between the KESMI Group and the Related Parties involved for the FYE 2025 is provided in the Notes to the Financial Statements No. 23 of the financial statements of the Company as contained in the Annual Report 2025.

## 4.0 DETAILS OF THE RRPTS

### 4.1 Types of RRPTs

The specific types of RRPTs that are covered under the Proposed Shareholders' Mandate are as follows:-

**(i) Purchase of equipment, related machineries (including consumables) and related software**

The KESMI Group purchases equipment such as burn-in equipment, testing equipment, electronic equipment, related machineries (including consumables such as sockets, drivers etc.) and related software from the Sunright Group to cater to its day-to-day operational requirements.

In purchasing the burn-in and related equipment from the Sunright Group, the Board takes into consideration the following factors:-

(a) The Sunright Group is already principally involved in the manufacture of such equipment, and is believed by the Board to be the world's largest independent provider of burn-in and test services in addition to being a leading and reliable manufacturer of parallel test and burn-in systems. It therefore makes commercial sense to the Board to purchase certain products such as burn-in equipment and related equipment from the Sunright Group. In addition, the Board believes that such an arrangement would enable the Group to:-

- obtain a more secured and continuing supply source with consistent product quality;
- gain access to Sunright Group's specialist knowledge of the burn-in and testing industry on a global basis as well as the accumulated expertise and experience of the Sunright Group; and

- tap into the Sunright Group's strengths including its commitment to continuing research and development, long term recurring relationships with major semiconductor and electronic manufacturers as well as a global presence, to procure the necessary and continuous support, which has enabled the Group to keep up-to-date with global advances in semiconductor and electronic technology.

In fact, since its commencement of business in 1978, the KESMI Group has been relying on the Sunright Group for, inter-alia, engineering assistance and advancement, as the Board does not see the need to duplicate the efforts in such areas for which the Sunright Group has already incurred time, effort and costs to develop and sustain the necessary expertise.

(b) Optimising the equipment utilisation and efficiency rate, for example, having a close working relationship with the Sunright Group provides the necessary critical support for the KESMI Group at certain times when the Group may be coping with insufficient manufacturing capacities due to overwhelming orders from customers.

The Board ensures that the purchases from the Sunright Group are transacted on an arm's length pricing basis, after taking into consideration alternative quotations from other companies.

**(ii) Provision of management services by Sunright**

The KESMI Group obtains management services from Sunright in the areas of administrative support and human resource management, business development, corporate finance and treasury services and accounting, financial planning and controls and legal matters ("**Group Management and/or Support Services**").

The centralisation of these management support areas with the Sunright Group is made with the aim of enabling the KESMI Group to eliminate duplication of supporting management services in addition to saving cost by sharing out such expenses.

Sunright charges a fee for such services based on a cost plus formula.

**(iii) Rental of factory space**

When the need arises, the Sunright Group may rent the excess factory space from the KESMI Group at an arm's length basis.

This provides an additional source of revenue stream to the KESMI Group.

**(iv) Provision of test services**

From time to time, Sunright Group may outsource test services to KESMI Group, to manage capacity needs and offer work at competitive prices. In addition to generating revenue, this also gives KESMI Group the opportunity to strengthen its understanding of the rapidly advancing technologies. This opportunity ensures the Group's team remains proficient with the latest and most complex technologies.

KESMI Group charges a fee for such services at an arm's length basis.

**4.2 Information on the RRPTs**

4.2.1 The estimated aggregate values of the respective RRPTs under the Proposed Renewal of Existing Shareholders' Mandate are as follows:-

| Nature of transaction | Related Party | Relationship | [1] Interested Director/ Major Shareholder/ persons connected | [2] Estimated value as per last Shareholders' Mandate RM'000 | Actual value transacted from 15 January 2025 to the LPD RM'000 | [3] Estimated aggregate value from 14 January 2026 to the date of the next AGM RM'000 |
|---|---|---|---|---|---|---|
| (i) Purchase of equipment, related machineries (including consumables) and related software by KESMI | • KES Systems & Service (1993) Pte. Ltd.<br>• KES Systems, Inc.<br>• KES International Sdn. Bhd. | Subsidiaries of Sunright | • Samuel Lim Syn Soo<br>• Lim Mee Ing<br>• Kenneth Tan Teoh Khoon<br>• Sunright | 100 | [4]162 | [5] 8,400 |
| (ii) Purchase of equipment, related machineries (including consumables) and related software by KESP | | | | 24,000 | - | 9,300 |
| (iii) Purchase of equipment, related machineries (including consumables) and related software by KESM Tianjin | | | | 100 | - | 100 |
| (iv) Provision of management services by Sunright to KESMI | Sunright | Major Shareholder of KESMI | • Samuel Lim Syn Soo<br>• Lim Mee Ing<br>• Kenneth Tan Teoh Khoon | 4,200 | 3,280 | 4,300 |
| (v) Provision of management services by Sunright to KESP | | | | 1,050 | 469 | 1,800 |
| (vi) Provision of management services by Sunright to KESM Test | | | | 6,300 | 3,959 | 5,800 |

| Nature of transaction | Related Party | Relationship | [1] Interested Director/ Major Shareholder/ persons connected | [2] Estimated value as per last Shareholders' Mandate RM'000 | Actual value transacted from 15 January 2025 to the LPD RM'000 | [3] Estimated aggregate value from 14 January 2026 to the date of the next AGM RM'000 |
|---|---|---|---|---|---|---|
| (vii) Renting of factory space by KESP [6] | • KES Systems & Service (1993) Pte. Ltd.<br>• KES Systems & Service (M) Sdn. Bhd.<br>• KES Systems, Inc.<br>• KES International Sdn. Bhd. | Subsidiaries of Sunright | • Samuel Lim Syn Soo<br>• Lim Mee Ing<br>• Kenneth Tan Teoh Khoon<br>• Sunright | 55 | - | 50 |

4.2.2 The details of the additional RRPT under the Proposed New Shareholders' Mandate are as follows:-

| Nature of transaction | Related Party | Relationship | [1] Interested Director/ Major Shareholder/ persons connected | [7] Actual value transacted from 15 January 2025 to the LPD RM'000 | [7] Estimated value from 1 October 2025 until 13 January 2026 RM'000 | [8] Estimated aggregate value from 14 January 2026 to the date of the next AGM RM'000 |
|---|---|---|---|---|---|---|
| (i) Provision of test services by KESP | • KES Systems, Inc.<br>• KES Systems & Service (1993) Pte Ltd | Subsidiary of Sunright | • Samuel Lim Syn Soo<br>• Lim Mee Ing<br>• Kenneth Tan Teoh Khoon<br>• Sunright | - | - | 2,500 |

***Notes:-***

*(1)* *The following Directors/Major Shareholder are deemed interested in the above RRPTs:-*

*(i)* *Samuel Lim Syn Soo, the Executive Chairman and Chief Executive Officer of KESMI and the indirect Major Shareholder of KESMI, is a director and a major shareholder of Sunright. He is also a director of the companies within the Sunright Group.*

*(ii)* *Lim Mee Ing, a Non-Independent Non-Executive Director of KESMI and the spouse of Samuel Lim Syn Soo.*

*(iii)* *Kenneth Tan Teoh Khoon, an Executive Director of KESMI, is an executive director and a shareholder of Sunright. He is also a director of certain companies within the Sunright Group.*

*(iv)* *Sunright is a Major Shareholder of KESMI with a direct equity interest of 48.41% in KESMI.*

*(v)* *KES Systems & Service (M) Sdn. Bhd. and KES International Sdn. Bhd. are wholly-owned subsidiaries of KES Systems & Service (1993) Pte. Ltd, which in turn is a wholly-owned subsidiary of Sunright.*

*(2)* *The estimated values of these RRPTs are from 15 January 2025 to 14 January 2026 as disclosed in the circular to shareholders dated 25 October 2024.*

*(3)* *The estimated transaction values for the period from the date of the forthcoming AGM on 14 January 2026 to the date of the next AGM are based on past RRPTs and/or management estimates. Due to the nature of the RRPTs, the actual value of the RRPTs may vary from the estimated value disclosed above.*

*(4)* *The actual value of the RRPT has exceeded the estimated value as disclosed in the circular to shareholders dated 25 October 2024 mainly due to the additional purchases of equipment to accelerate the automation.*

*(5)* *The estimated value of this RRPT is based on the forecasted increase in equipment purchases in 2026 to service customers.*

*(6)* *The rental arrangement is for a period not exceeding three (3) years, with monthly rental payment.*

*(7)* *The Directors shall ensure that the percentage ratio (as defined under Paragraph 10.02(g) of the Listing Requirements) for the RRPT is less than 5% for the period between 15 January 2025 to 13 January 2026, so that no shareholders' approval is required.*

*(8)* *This figure was deduced based on the management's best estimates of the expected value of RRPT to be entered into and hence, the actual value of such RRPT may vary substantially from the estimated value disclosed above.*

[The rest of this page has been intentionally left blank]

**4.3 Amounts due and owing by Related Parties**

As at the end of the FYE 2025, there were no outstanding amounts due and owing by a Related Party which exceeded the credit term.

**4.4 The guidelines and procedures for transacting with Related Parties**

The KESMI Group had established various guidelines and procedures to ensure that the RRPTs are undertaken on an arm's length basis, on transaction prices and terms not more favourable to the Related Parties involved than those generally available to the public and not detrimental to the minority shareholders of the Company.

The management of KESMI shall review the RRPTs based on the following parameters/procedures:-

(i) the RRPTs will only be entered into after taking into account the pricing, availability of machinery, order size, useful life, delivery time and level of service;

(ii) the purchase price, terms and conditions of the RRPTs are determined after taking into consideration, amongst others, the demand and supply of the products, credit terms and reliability of supply, where practical and feasible. At least two other contemporaneous transactions with unrelated third parties for similar products and/or services and/or quantities will be used as comparison, wherever available or possible, to determine whether the price and terms offered to and/or 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 products and/or services and/or quantities.

In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed RRPTs, the management will rely on their usual business practices and their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency of services to be provided or required to ensure that the RRPTs are not detrimental to the Company and/or the Group;

(iii) Sunright provides management services to the KESMI Group and charges a fee based on a cost plus formula; and

(iv) KESMI Group rents out excess factory space to the Sunright Group and ensures that the rental is fair, reasonable and comparable to the current market rental rate.

RRPTs shall be reviewed and authorised by the following parties within the Company:-

| **Nature of transaction** | **Value of transaction (for each project or single transaction)** | **Authority Levels** |
|---|---|---|
| Non-capital expenditure RRPTs | Up to RM3 million (provided the aggregate value does not exceed RM30 million per quarter) | 2 Executive Directors* |
| | Above RM3 million | Audit Committee |
| Capital expenditure RRPTs | Up to RM7 million | 2 Executive Directors* |
| | Above RM7 million | Audit Committee |

*Note *:- Subject to the respective approval limit policies of the Company and its subsidiaries.*

Where any Director has an interest (direct or indirect) in any of the RRPTs, such Director shall abstain from deliberating and voting on all matters pertaining to the RRPTs at the relevant meetings of the Audit Committee and/or the Board, as the case may be.

All RRPTs shall be tabled to the Audit Committee for their approval and/or ratification, as the case may be. The Audit Committee shall review the RRPTs with due care to determine whether the established guidelines and procedures of the Company for such transactions have been adhered to strictly.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the shareholders' approval for the Proposed Shareholders' Mandate, the interested Director, interested Major Shareholder or interested persons 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 resolutions, deliberating or approving the RRPTs. In addition, such interested Director or Major Shareholder must also ensure that persons connected with him/her (as the case may be) abstain from voting on the resolutions, deliberating or approving the RRPTs. Interested Directors shall also abstain from deliberating at the Board meetings in respect of the RRPTs in which they are interested.

## 5.0 STATEMENT BY AUDIT COMMITTEE

The Audit Committee, save for Lim Mee Ing who is an interested Director in relation to the Proposed Shareholders' Mandate, has seen and reviewed the guidelines and procedures set out in section 4.4 above and is of the view that they are sufficient to ensure that the RRPTs will be carried out on normal commercial terms which are not more favourable to the Related Parties involved than those generally available to the public and not detrimental to the interest of the Company and its minority shareholders.

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee shall review these procedures and processes on a quarterly basis. This is to ensure that the RRPTs are not detrimental or prejudicial to the minority shareholders of the Company.

## 6.0 DISCLOSURE AND VALIDITY PERIOD OF THE SHAREHOLDERS' MANDATE

Disclosure will be made in the next Annual Report of the Company of the breakdown of the aggregate value of the RRPTs, type of transactions, and names of the Related Parties involved and their relationship with the Company, during the current financial year, and in the Annual Report of the subsequent financial years of the Company during which the Proposed Shareholders' Mandate remains in force.

The Proposed Shareholders' Mandate is subject to annual renewal and shall continue to be in full effect and force until:-

(i) the conclusion of the next annual general meeting of the Company following the forthcoming AGM if the Shareholders' Mandate is successfully passed, at which time it will lapse, unless by a resolution passed at the said annual general meeting, the authority for the Shareholders' Mandate is renewed;

(ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

## 7.0 RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The rationale for the Proposed Shareholders' Mandate is as follows:-

(a) The Proposed Shareholders' Mandate will facilitate transactions with the Related Parties which are in the Group's ordinary course of business, undertaken on commercial terms and on terms not more favorable to the Related Parties than those generally available to and/or from the public, where applicable, and, in the Company's opinion, not detrimental to the minority shareholders of the Company;

(b) The Proposed Shareholders' Mandate will enhance the KESMI Group's ability to pursue business opportunity which are time-sensitive in nature and will eliminate the need for the Company to convene separate general meetings to seek shareholders' approval for each RRPT;

(c) The Proposed Shareholders' Mandate will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources to be channeled towards attaining other corporate objectives;

(d) The Proposed Shareholders' Mandate is expected to benefit the KESMI Group as detailed in section 4.1 above; and

(e) In respect of the Group Management and/or Support Services, the Proposed Shareholders' Mandate will enable the KESMI Group to reduce operating cost and improve efficiency, thereby improving the Group's business and administrative efficacy.

## 8.0 APPROVAL REQUIRED

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

## 9.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

9.1 As at the LPD, the direct and indirect interests of the interested Major Shareholders and interested Directors in KESMI are as follows:-

| | **Shareholdings as at the LPD** | | | |
|---|---|---|---|---|
| | **Direct** | | **Indirect** | |
| | **No. of Shares** | **%** | **No. of Shares** | **%** |
| **Interested Major Shareholders** | | | | |
| Sunright | 20,825,000 | 48.41 | - | - |
| Samuel Lim Syn Soo | - | - | *20,825,000 | 48.41 |
| **Interested Directors** | | | | |
| Samuel Lim Syn Soo | - | - | *20,825,000 | 48.41 |
| Kenneth Tan Teoh Khoon | - | - | - | - |
| Lim Mee Ing | - | - | - | - |

***Note:-***

* *Deemed interested by virtue of his major shareholding in Sunright pursuant to Section 8 of the Act.*

9.2 Save as disclosed below, none of the Directors and Major Shareholders or persons connected with such Directors and Major Shareholders, have any interest, direct or indirect, in the Proposed Shareholders' Mandate:-

(i) Sunright is a Major Shareholder of KESMI with a direct equity interest of 48.41% in KESMI. Samuel Lim Syn Soo and Kenneth Tan Teoh Khoon are deemed interested in the Proposed Shareholders' Mandate by virtue of their common directorships in the KESMI Group and the Sunright Group (as further detailed in section 4.2);

(ii) Samuel Lim Syn Soo is a major shareholder of Sunright with an indirect equity interest of 48.41% in KESMI. He is also the Executive Chairman and Chief Executive Officer of KESMI and Sunright; and

(iii) Lim Mee Ing is a Non-Independent Non-Executive Director of KESMI. She is also the spouse of Samuel Lim Syn Soo.

9.3 Accordingly, Samuel Lim Syn Soo, Kenneth Tan Teoh Khoon and Lim Mee Ing have abstained and shall continue to abstain from any deliberation and voting in relation to the Proposed Shareholders' Mandate at the meetings of the Board. In addition, Samuel Lim Syn Soo, Kenneth Tan Teoh Khoon and Lim Mee Ing shall abstain from voting at the forthcoming AGM in respect of his/her direct/indirect shareholdings in KESMI on the resolutions, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

9.4 Sunright shall abstain from voting at the AGM to be convened in respect of its direct shareholding in KESMI on the resolutions, deliberating or approving the Proposed Shareholders' Mandate.

9.5 Sunright, Samuel Lim Syn Soo, Kenneth Tan Teoh Khoon and Lim Mee Ing have also given the undertaking that they will ensure that persons connected to them shall abstain from voting in respect of their direct and indirect shareholdings in KESMI on the resolutions, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

## 10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, the Board, save for Samuel Lim Syn Soo, Kenneth Tan Teoh Khoon and Lim Mee Ing who are the interested Directors in relation to the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company. Accordingly, the Board, save for the aforesaid interested Directors, recommends that you vote in favour of the resolutions in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## 11.0 AGM

The AGM, the notice of which is enclosed in the Annual Report 2025, will be held at Connexion Conference & Event Centre, Spectrum & Prism (Level 3A), Nexus, Bangsar South, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 14 January 2026 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the resolutions to approve the Proposed Shareholders' Mandate.

If you are unable to attend and vote at the AGM, you are requested to complete and return the Proxy Form enclosed in the Annual Report 2025 in accordance with the instructions therein. The Proxy Form should be lodged at the Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the AGM or any adjournment thereof. Alternatively, the instrument appointing a proxy can be submitted via email by attaching a signed PDF copy of the Proxy Form to bsr.helpdesk@boardroomlimited.com before the cut-off time for the lodgement. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

## 12.0 FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
**KESM INDUSTRIES BERHAD**

**KUA CHOH LEANG**
Senior Independent Non-Executive Director

## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. MATERIAL LITIGATION

Neither KESMI nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of KESMI are not aware of any proceeding pending or threatened against the KESMI Group or of any facts likely to give rise to any proceeding which may materially affect the position or business of the KESMI Group as at the LPD.

### 3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the KESMI Group within the two (2) years immediately preceding the date of this Circular.

### 4. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours (except public holidays) at the registered office of the Company from the date of this Circular up to and including the date of the forthcoming AGM:-

(a) Constitution of KESMI; and

(b) the audited financial statements of the KESMI Group for the past two (2) FYEs 2024 and 2025.

[The rest of this page has been intentionally left blank]