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

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OMESTI

OMESTI BERHAD

[Registration No. 200001028094 (530701-T)]

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL
OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolution in respect of the above proposal will be tabled as special business at the 20th Annual General Meeting (“20th AGM”) of the Company which will be held on Monday, 28 September 2020 at 3.15 pm as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower - Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur. The Notice of 20th AGM together with the Form of Proxy are set out in the Annual Report 2020 of the Company which is despatched together with this Circular.

The Form of Proxy must be lodged at the Registered Office of the Company at Ho Hup Tower - Aurora Place, 2-07-01 - Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia not less than 48 hours before the time set for the 20th AGM or any adjournment thereof, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 20th AGM should you subsequently wish to do so.

This Circular is dated 28 August 2020

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout and for the purposes of this Circular only:

Act	:	The Companies Act, 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force
AGM	:	Annual General Meeting
Board	:	Board of Directors of Omesti
Bursa Securities	:	Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
Director(s)	:	As defined in Section 2(1) of the Capital Markets and Services Act 2007. For purposes of the Proposed Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company, or a chief executive of Omesti, its subsidiary or holding company.
Ho Hup	:	Ho Hup Construction Company Berhad [197301000497 (14034-W)]
Ho Hup Group	:	Ho Hup and its subsidiary companies
LPD	:	30 July 2020, being the latest practicable date prior to the printing of this Circular
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and includes any amendments thereto
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in the corporation and the number, or the 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; and for purposes of the Proposed Mandate includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company (as defined above) or any other corporation which is its subsidiary or holding company
NA	:	Net Assets
Omesti or the Company	:	Omesti Berhad [200001028094 (530701-T)]
Omesti Group or the Group	:	Omesti and its subsidiary companies
Omesti Share(s) or Share(s)	:	Ordinary shares in Omesti
Person Connected	:	Shall have the same meaning given in Paragraph 1.01 of the Listing Requirements
Proposed Mandate	:	Proposed Renewal of Shareholders’ Mandate
Proposed Renewal of Shareholders’ Mandate	:	Proposed renewal of shareholders’ mandate for RRPTs approved at the 19 th AGM held on 13 September 2019

DEFINITIONS (Cont'd)

Recurrent Related Party Transactions/ RRPT	:	Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Omesti Group
Related Party(ies)	:	Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
Related Party Transaction	:	A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen respectively

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CONTENTS

LETTER TO SHAREHOLDERS OF OMESTI IN RELATION TO THE PROPOSED MANDATE	<u>PAGE</u>
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED MANDATE	2
2.1 The Proposed Mandate	2
2.2 Principal activities of the Omesti Group	3
2.3 Class, nature and estimated aggregate value of the RRPTs	7
2.4 Previous mandate obtained but renewal will not be sought	9
2.5 Amounts due and owing to Omesti Group by related parties pursuant to RRPTs	10
3. RATIONALE AND BENEFITS FOR THE PROPOSED MANDATE	10
4. REVIEW PROCEDURES	11
5. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE	11
6. CONDITION FOR THE PROPOSED MANDATE	11
7. FINANCIAL EFFECTS	12
8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM	12
9. BOARD'S RECOMMENDATION	12
10. 20 TH AGM	12
11. FURTHER INFORMATION	13
APPENDICES	
I FURTHER INFORMATION	14
II FULL TEXT OF ORDINARY RESOLUTION 8 AS REFERRED TO IN NOTICE OF 20TH AGM DATED 28 AUGUST 2020	16



OMESTI

OMESTI BERHAD

[Registration No. 200001028094 (530701-T)]
(Incorporated in Malaysia)

Registered Office:

Ho Hup Tower – Aurora Place,
2-07-01 – Level 7, Plaza Bukit
Jalil, No. 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur

28 August 2020

Board of Directors

Dato' Mah Siew Kwok (*Non-Independent Non-Executive Vice Chairman*)
Ms Mah Xian-Zhen (*Executive Director*)
Mr Monteiro Gerard Clair (*Executive Director*)
Mr Chia Yong Wei (*Executive Director*)
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz (*Independent Non-Executive Director*)
Dato' Sri Thong Kok Khee (*Non-Independent Non-Executive Director*)
Dato' Jaganath Derek Steven Sabapathy (*Non-Independent Non-Executive Director*)
Dato' Ahmad Nazim Abd Rahman (*Independent Non-Executive Director*)
Mr Tai Keat Chai (*Independent Non-Executive Director*)
Mr Mah Yong Sun (*Independent Non-Executive Director*)
Mr Tan Wee Hoong (*Independent Non-Executive Director*)
Ms Wan Mai Gan (*Independent Non-Executive Director*)

To: The Shareholders of Omesti Berhad

Dear Sir / Madam,

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

1. INTRODUCTION

At the 19th AGM held on 13 September 2019, the shareholders of the Company approved, *inter alia*, the shareholders' mandate for the Company and/or its subsidiaries to enter into RRPTs. The said mandates shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 20th AGM of the Company, unless renewal is obtained.

In connection thereto, the Board of Omesti had on 11 August 2020 announced its intention to seek shareholders' approval for the Proposed Mandate.

The purpose of this Circular is to provide you with the relevant information on the Proposed Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming 20th AGM of the Company. The Notice of 20th AGM is set out in the Annual Report 2020. The extract of ordinary resolution on the Proposed Mandate to be tabled at the Omesti's 20th AGM is enclosed together with this Circular.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR, TOGETHER WITH THE APPENDIX CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED MANDATE

2. DETAILS OF THE PROPOSED MANDATE

2.1 The Proposed Mandate

Paragraph 10.08 of the Listing Requirements stipulates the obligations of a listed issuer to comply with in relation to Related Party Transactions. However, pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from shareholders in respect of RRPTs, 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 disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements.
- (c) a circular to shareholders which includes information as may be prescribed by Bursa Securities is issued by the listed issuer for the shareholders' mandate;
- (d) in a meeting to obtain shareholders' 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 to approve the transaction. 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 RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and the announcement must include the information as may be prescribed by Bursa Securities.

Where a listed issuer has procured a shareholders' mandate in respect of RRPTs, the provisions under paragraph 10.08 of the Listing Requirements will not apply to the RRPTs which are comprised in the said mandate.

The Proposed Mandate, if approved by the shareholders of the Company at the forthcoming 20th AGM, is subject to annual renewal and will continue to be in force until :-

- (a) the conclusion of the next AGM of the Company following the forthcoming 20th AGM at which the Proposed Mandate is passed, at which time such mandate will lapse, unless by a resolution passed at the meeting, the authority for the Proposed Mandate is renewed;
- (b) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must 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 general meeting,

whichever is the earlier.

2.2 Principal Activities of the Omesti Group

Omesti is principally engaged in investment holding activities and the provision of management services. The principal activities of the subsidiary companies within the Omesti Group as at the LPD are as follows:-

Name of Company	Equity interest held (%)	Principal activities
<i>Subsidiaries of Omesti</i>		
Continuous Network Advisers Sdn Bhd (“CNA”)	100	Investment holding
Continuous Network Services Sdn Bhd (“CNS”)	100	Provision of corporate secretarial, accounting and payroll services
Formis Research & Development Sdn Bhd	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Man Yau Holdings Bhd (“MYHB”)	100	Investment holding activities
Omesti Holdings Berhad (“OHB”)	100	Investment holding activities
<i>Subsidiaries of OHB</i>		
Microlink Solutions Berhad (“MSB”)	64.34	Investment holding and provision of research and development on information technology solutions to the financial services industry
Com-Line Systems Sdn Bhd (“CLS”)	85	Development of standard application packages and the provision of turnkey solution development services
Amadeus Digital Xpress Sdn Bhd	100	Automation, installation and maintenance of computer hardware and software and other automated related projects
Formis International Limited (Company No. LL02800)	100	Dormant
Formis Network Services Sdn Bhd	51	Provision of information technology services in terms of hardware, software, consultancy and maintenance to the telecommunication, oil and gas and government sectors
Formis Media Teknologi Sdn Bhd	70	Dormant
Next Intelligent Sdn Bhd	100	Dormant
Ohana Communications Sdn Bhd	100	Provision of network connectivity and bandwidth services in Malaysia and project management services in relation to telecommunications
Prima Arenaniaga Sdn Bhd	60	Provision of information technology solutions

Name of Company	Equity interest held (%)	Principal activities
Red Ape Solutions Sdn Bhd	100	Provision of business solutions, training and consultation and consultation services in information technology, web development and applications
PT Formis Solusi Indonesia	100	Inactive
Yakimbi ICT Sdn Bhd	100	Designing and development of website and software, and providing maintenance services and other related services
<i>Subsidiaries of CNA</i>		
Bancore Asia Pte Ltd	66.67	Distributing, marketing, implementing and maintaining financial technology software in Asia Pacific region
Chelsea Apps Factory Bangsar Sdn Bhd	80	Dormant
Formis Labs Singapore Pte Ltd	100	Distributing and marketing online video surveillance and analytics services
Omesti Actify Sdn Bhd	100	Distribution, marketing, implementing and maintenance of accounting, inventory and goods and services tax accounting software to small and medium-sized enterprises in Malaysia
Omesti Data Sdn Bhd	100	Development of information technology and software development on e-payment and remittance of funds and other related services
Yakimbi Sdn Bhd	94.44	Inactive
<i>Subsidiary of FNS</i>		
Formis Niaga Solusi Sdn Bhd	100	Dormant
<i>Subsidiary of Next Intelligent Sdn Bhd</i>		
O Dojo Sdn Bhd	100	Dormant
<i>Subsidiaries of MYHB</i>		
Channel Legacy Sdn Bhd	60	Dormant
Formis Software & Technologies Sdn Bhd	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Omesti Assist Sdn Bhd ("OASB")	100	Investment holding and development of application software, system integration services and the provision of hardware and software maintenance services

Name of Company	Equity interest held (%)	Principal activities
<i>Subsidiaries of OASB</i>		
PDAC Formis Sdn Bhd	70	Dormant
<i>Subsidiaries of Bancore Asia Pte Ltd</i>		
Bancore Sdn Bhd	100	Inactive
Omesti Vietnam Company Limited	100	Consulting services, software implementation services, data processing services, database services and maintenance services
<i>Subsidiaries of CLS</i>		
ComLine Dotcom Sdn Bhd	100	Dormant
<i>Subsidiaries of MSB</i>		
CA IT Infrastructure Solutions Sdn Bhd	100	Trading and marketing of computer software programs and products
CSA Servis (M) Sdn Bhd	100	Investment holding and provision of computer repair and maintenance service, supply of computer parts, accessories, computers and peripherals
Microlink Innovation Sdn Bhd	100	Provision of research and development of information technology solutions to the financial services industry
Microlink Software Sdn Bhd	51	Provision of consultancy services in supporting and modifying banking software
Microlink Systems Sdn Bhd ("MSSB")	100	Provision of information technology solutions to the financial services industry and dealing in related products
Omesti Innovation Lab (Malaysia) Sdn Bhd	100	Development of information and multimedia technology and provision of deployment services
PT Microlink Indonesia	100 (Held through MSB (80%) and MSSB (20%))	Provision of information technology solutions to the financial services industry and dealing in related products
<i>Subsidiaries of CSA Servis (M) Sdn Bhd</i>		
Applied Business Systems Sdn Bhd	100	Distribution and maintenance of computer hardware and software
First Solution Sdn Bhd	100	Distribution and maintenance of computer hardware and software
Formis Advanced Systems Sdn Bhd	85	Provision of information technology services in terms of hardware, software, consultancy and maintenance

Name of Company	Equity interest held (%)	Principal activities
Formis Computer Services Sdn Bhd	100	Provision of computer technology and maintenance of computer hardware and software
Formis Systems & Technology Sdn Bhd ("FST")	100	Distribution and maintenance of computer hardware and software
<i>Subsidiary of MSSB</i>		
PT Microlink International Maju	65	Provision of information technology solutions to the financial services industry and dealing in related products

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2.3 Class, nature and estimated aggregate value of the RRPTs

The RRPTs which will be covered in the **Proposed Mandate** are identified in the table below:-

Companies within the Omesiti Group transacting with the Related Party	Nature of Transactions	Transacting Related Party	Interested Directors / Major Shareholders / Person Connected with Director / Major Shareholders	Estimated aggregate value during the validity period of the Proposed Mandate* (RM)	Estimated aggregated value as disclosed in the preceding year's circular to shareholders dated 31 July 2019 ("Estimated Value") (RM)	Actual value transacted from 13 September 2019 (date of 19 th AGM) to the LPD ("Actual Value") (RM)
Omesiti Group	Provision of network connectivity and bandwidth services and project management services in relation to telecommunications by Omesiti Group to Ho Hup Group	Ho Hup Group ⁽⁴⁾	Interested Director - Dato' Sri Thong Kok Khee ("Dato' Sri Thong") ⁽¹⁾ Interested Persons Connected with Director - Insas Berhad ("Insas") ⁽²⁾ - Insas Plaza Sdn Bhd ("IP") ⁽³⁾ - Gryphon Asset Management Sdn Bhd ("GAMSB") ⁽³⁾ - M & A Securities Sdn Bhd ("M&A") ⁽³⁾ - Montego Assets Limited ("MAL") ⁽³⁾ - Winfields Development Pte Ltd ("WDPL") ⁽³⁾	3,000,000	3,000,000	378
	Renting of office spaces and procurement of other related services such as general maintenance services from Ho Hup Group [@]			5,000,000	5,000,000	456,060
	Supply of network and software solutions, licences, network infrastructure, computer hardware and software and maintenance services by Omesiti Group to Ho Hup Group			30,000,000	30,000,000	-

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Notes:

None of the Actual Value of the RRPTs has exceeded the Estimated Value by 10% or more.

© The tenure of the office spaces will be for a rental period of not more than three (3) years and rental payment will be made on a monthly basis.

* This comprises estimated value of transactions from the date of the forthcoming 20th AGM to the next AGM expected to be held in the month of September 2021. The estimated value is based on information available at the point of estimation. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated aggregate value disclosed above.

(1) Dato' Sri Thong is a common Director and common shareholder of Omesti and Ho Hup. His direct and indirect interests in Omesti and Ho Hup as at the LPD are set out below:-

Name of Company	% of Interest	
	Direct	Indirect
Omesti	-	9.83 ^(a)
Ho Hup	-	13.13 ^(a)

^(a) Deemed interest by virtue of his substantial interest in Insas pursuant to Section 8(4) of the Act.

(2) Insas is a Person Connected to Dato' Sri Thong. Insas is deemed interested by virtue of interests held by IP, GAMSBS, M & A, MAL and WDPL, which are subsidiaries and associated company of Insas pursuant to Section 8(4) of the Act.

(3) IP, GAMSBS, M & A, MAL and WDPL are Persons Connected to Dato' Sri Thong. IP, GAMSBS, M & A, MAL and WDPL are shareholders of Omesti.

(4) Ho Hup is principally engaged in investment holding, foundation engineering, civil engineering, building contracting works and provision of management services for subsidiary companies while its subsidiaries are principally involved in property investment, property development, construction, and retail.

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2.4 Previous mandate obtained but renewal will not be sought

The following Recurrent Related Party Transactions are no longer required and shareholders mandate will not be sought for this Recurrent Related Party Transactions at the forthcoming 20th AGM:

Companies within the Omesti Group transacting with the Related Parties	Nature of transactions	Transacting Related Party	Interested Directors / Major Shareholders with Director / Major Shareholders / Person Connected with Director / Major Shareholders	Estimated aggregated value as disclosed in the preceding year's circular to shareholders dated 31 July 2019 ("Estimated Value") (RM)	Actual value transacted from 13 September 2019 (date of 19 th AGM) to the LPD ("Actual Value") (RM)
Omesti Group	Provision of network connectivity and bandwidth services and project management services in relation to telecommunications by Omesti Group to the Related Parties	Family-owned companies of RT ⁽⁴⁾	Interested Major Shareholder - Datuk Raymond Tan ("RT") ⁽¹⁾ Interested Person connected with Major Shareholder - H2O Holdings Sdn Bhd ("H2O") ⁽²⁾	300,000	338
		Family-owned companies of MGC ⁽⁵⁾	Interested Director - Monteiro Gerard Clair ("MGC") ⁽³⁾ Interested Person connected with Director / Major Shareholder - H2O ⁽²⁾	300,000	396
CNS	Providing corporate secretarial, accounting and payroll services by CNS to the Related Parties	Family-owned companies of RT ⁽⁴⁾	Interested Major Shareholder - RT ⁽¹⁾ Interested Person connected with Major Shareholder - H2O ⁽²⁾	200,000	-
		Family-owned companies of MGC ⁽⁵⁾	Interested Director - MGC ⁽³⁾ Interested Person connected with Director / Major Shareholder - H2O ⁽²⁾	200,000	-

Notes:

- (1) RT is a major shareholder of Omesti by virtue of his substantial interests in H2O. He is also a Director and shareholder of the companies which RT is interested.
- (2) H2O is a major shareholder of Omesti holding 12.71% equity interest in Omesti.
- (3) MGC is a common Director and common shareholder of Omesti and H2O. His direct and indirect interests in Omesti and H2O as at the LPD are set out below:-

Name of Company	% of Interest	
	Direct	Indirect
Omesti	5.61	12.71 ^(a)
H2O	12.71	-

^(a) Deemed interest by virtue of his substantial interest in H2O pursuant to Section 8(4) of the Act.

- (4) Family-owned companies of RT are companies that RT has interest, directly or indirectly and also acting as a director of these companies.
- (5) Family-owned companies of MGC are companies that MGC has interest, directly or indirectly and also acting as a director of these companies.

2.5 Amounts due and owing to Omesti Group by related parties pursuant to RRPTs

The breakdown of the principal sum and interest for the total outstanding amount due under the RRPTs which exceeded the credit term as at 31 March 2020 are as follows:

No.	Nature of transactions	Amount of Outstanding RRPTs Receivables (RM)			
		≤ 1 year	> 1 to 3 years	> 3 to 5 years	> 5 years
1.	Providing corporate secretarial, accounting and payroll services by CNS to Family-owned companies of Raymond Tan	-	21,824	2,392	-
2.	Providing corporate secretarial, accounting and payroll services by CNS to Family-owned companies of MGC	-	8,778	630	-

There was no late payment charges imposed to the above outstanding receivables as the Board was of the opinion that the above outstanding receivables were not substantial and optimistic that the amounts were recoverable. The management has and will continue to meet and discuss with the Related Parties to actively pursue for full settlement of the outstanding amounts due.

3. RATIONALE AND BENEFITS FOR THE PROPOSED MANDATE

The RRPTs entered into or to be entered into by the Group are in the ordinary course of business and are intended to meet the business needs of the Group at the best possible terms so as to achieve synergistic benefits within the Group. These transactions are likely to occur with some degree of frequency and may be constrained by the time-sensitive nature and confidentiality of such transactions, thus rendering it impractical to seek shareholders' approval on a case by case basis before entering into such transactions.

By obtaining the Proposed Mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur would not arise. This would substantially reduce the time, administrative requirements, and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The Related Parties which are involved in the RRPTs have proven their reliability and expertise in their respective fields. In certain instances, the Related Parties provide the Group the support for its operational needs, thereby enabling greater efficiency and effectiveness in the utilisation of the Group's resources.

4. REVIEW PROCEDURES

To ensure that the RRPTs are undertaken on transaction prices and 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 and that they are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to the shareholders, the Board will ensure that all transactions with Related Parties will only be entered into after taking into consideration the pricing, level and quality of products and support services, and the review procedures as stated below.

The Board has established the following review procedures which are to be carried out for each RRPTs:

- (a) Records will be maintained by the Company to capture all RRPTs entered into pursuant to the Proposed Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (b) On a periodic basis, the procedures and guidelines pertaining to RRPTs will be reviewed by the Senior Management of Omesti and the Audit and Risk Management Committee to ensure that the terms of the transactions 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.
- (c) Where any person(s) has an interest in the RRPTs to be reviewed, such person(s) shall abstain from deliberation and voting in respect of such transactions.
- (d) Disclosure shall be made in the annual report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Mandate during the financial year and in the annual reports for the subsequent financial years during which the shareholders' mandate remains in force. In making such disclosure, a breakdown will be provided of the aggregate value of the RRPTs conducted pursuant to the Proposed Mandate during the current financial year, amongst others, based on the following:-
 - (i) the type of the RRPTs made; and
 - (ii) the names of the Related Parties involved in each type of RRPTs and their relationship with the Omesti Group.

There are no thresholds for approval of RRPTs within the Omesti Group. However, all RRPTs are subject to the approval of any one of the Senior Management of Omesti namely, the Chief Financial Officer / Chief Operations Controller and/or any one of the directors of the respective companies.

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 products/services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Omesti Group based on its usual business practices to ensure that the RRPT is not detrimental to the Omesti Group and the minority shareholders.

5. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company has reviewed the procedures mentioned in section 4 above and is of the view that the said procedures are sufficient to ensure that the RRPTs 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.

The Omesti Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. These procedures and processes will be reviewed annually or as and when necessary.

6. CONDITION FOR THE PROPOSED MANDATE

The Proposed Mandate is conditional upon approval being obtained from the shareholders of Omesti at the forthcoming 20th AGM.

7. FINANCIAL EFFECTS

The Proposed Mandate does not have any effect on the issued and paid-up share capital and Major Shareholders' shareholdings of Omesti and is not expected to have any material effect on the consolidated earnings and NA of Omesti.

8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

The direct and indirect shareholdings of the interested Director, namely Dato' Sri Thong ("Interested Director") and interested Persons Connected with the Director, namely Insas Berhad, IP, M&A, GAMSB, MAL and WDPL ("Interested Persons Connected") in the Company as at the LPD are set out below:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Interested Director				
Dato' Sri Thong	-	-	52,159,500 ^(a)	9.83
Interested Persons Connected				
Insas Berhad	-	-	52,159,500 ^(b)	9.83
GAMSB	19,579,500	3.69	-	-
M & A	5,580,000	1.05	-	-
IP	17,500,000	3.30	-	-
MAL	6,000,000	1.13	-	-
WDPL	3,500,000	0.66	-	-

Notes:

^(a) Deemed interest by virtue of his substantial interest in Insas Berhad pursuant to Section 8(4) of the Act.

^(b) Deemed interest by virtue of its interests held by IP, GAMSB, M & A and MAL, which are subsidiaries of Insas Berhad and WDPL, an associated company of Insas Berhad pursuant to Section 8(4) of the Act.

The Interested Director has abstained and will continue to abstain from Board deliberations and voting pertaining to the Proposed Mandate.

The Interested Director and the Interested Persons Connected will abstain from voting in respect of their direct and indirect shareholdings on the Proposed Mandate at the forthcoming 20th AGM.

In addition, the Interested Director has undertaken that he will ensure that the Persons Connected with him will abstain from voting in respect of their direct and indirect shareholdings on the resolution, deliberating or approving the Proposed Mandate at the forthcoming 20th AGM.

Save as aforesaid, none of the other Directors or Major Shareholders or Persons Connected with them has any interest direct or indirect in the Proposed Mandate.

9. BOARD'S RECOMMENDATION

The Board (save for the Interested Director), having considered all aspects of the Proposed Mandate, is of the opinion that the Proposed Mandate is in the best interest of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at the forthcoming 20th AGM.

10. 20TH AGM

The Notice of the 20th AGM to consider and if thought fit, passing the ordinary resolution pertaining to the Proposed Mandate as set out herein is also enclosed in the Annual Report 2020. The 20th AGM will be held on Monday, 28 September 2020 at 3.15 pm as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower - Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

If you are unable to attend and vote in person at the forthcoming 20th AGM, and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event, so as to arrive at the Company's Registered Office at Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur not less than 48 hours before the time for the 20th AGM or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming 20th AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders of Omesti are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
OMESTI BERHAD

Dato' Mah Siew Kwok
Non-Independent Non-Executive Vice Chairman

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Omesti who collectively and individually accept full responsibility for the accuracy and correctness of the information contained herein 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 in this Circular false or misleading.

2. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, to the best knowledge of the Board, neither Omesti nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position or business of Omesti Group, and the Board is not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Omesti Group:

- (i) Omesti together with Formis Network Services Sdn Bhd (“FNS”), an indirect subsidiary of Omesti (collectively, the “Defendants”), had on 13 May 2020 received a writ of summons and statement of claim both dated 2 April 2020 from Foster Moore International Limited (“Plaintiff”) alleging that FNS has failed to pay the Plaintiff for works done in accordance with a master service agreement dated 20 November 2017 entered into between the Plaintiff, Omesti (as corporate guarantor to guarantee the payment obligation of FNS) and FNS. The works in question relate to the provision of services and deliverables by the Plaintiff to FNS in connection with an online register of companies’ solution to the Companies Commission of Malaysia (“CCM”).

The Plaintiff is seeking for, *inter alia*, the following orders from the Kuala Lumpur High Court:

- (a) that the Defendants jointly and severally pay the Plaintiff an outstanding sum of USD769,827.04 (equivalent to RM3,204,405.05 based on the exchange rate of 4.1625 as at 5 March 2020);
- (b) interest at the rate of 1.5% per month for the sums due and owing under invoices no. 105411, 105435, 105497, 105498 and 105539 amounting to an aggregate sum of USD786,282.75 calculated from the due date, being no later than 30 days after the date of the invoice or the date of issuance of the invoice, until the date of judgment;
- (c) post-judgment interest at the rate of 5% per annum on the judgment sum from the date of judgment until full and final settlement of the same;
- (d) costs; and
- (e) any further and other relief as the Court deems appropriate.

The Defendants filed a defence and counterclaim on 10 July 2020. In the counterclaim, the Defendants are claiming for, amongst others:

- (aa) Damages for overpayment to the Plaintiff; and
- (bb) Licence fees in the approximate sum of USD1.0 million.

The suit is fixed for case management on 14 September 2020; The Plaintiff’s reply and defence to counterclaim is due to be filed and served on 26 August 2020 and the Defendants are to file their reply to the Plaintiff’s defence to counterclaim a month thereafter.

The solicitors acting for and on behalf of the Defendants are of the view that the Defendants have a fair chance of defending the claim and also in succeeding with the counterclaim.

- (ii) On 5 August 2019, the Companies Commission Malaysia (“CCM”) issued a termination notice (“Termination Notice”) to FNS to terminate the outsourcing agreement dated 28 November 2017 entered into between CCM and FNS (which was supplemented by a first supplemental agreement dated 28 March 2019) for the supply, implementation, training, support and maintenance of CCM’s Core Digital Registry Solution (“Outsourcing Agreement”). Pursuant to the Termination Notice, CCM alleged that FNS failed and/or neglected to complete the implementation of “Release 1” within the prescribed time frame set out in the notice of default dated 3 June 2019 issued by CCM and to fulfil all its obligations as stipulated in the Outsourcing Agreement. By reason thereof, CCM sought to terminate the Outsourcing Agreement and demanded liquidated ascertained damages in the sum of RM13,200,000.00 from FNS.

FURTHER INFORMATION (Cont'd)

FNS in response, via its letter dated 9 August 2019, denied CCM's allegations and took the position, amongst others, that the Termination Notice is unlawful and premature. In this regard, FNS took the position that if CCM continues to breach the Outsourcing Agreement, FNS will be constrained to commence proceedings against CCM and the indicative sum of damages sought (which is provided by the Outsourcing Agreement) would be RM150,000,000.00.

The parties thereafter engaged in dispute resolution discussions as provided for under the terms of the Outsourcing Agreement.

On 8 July 2020, CCM via its solicitors issued a letter to FNS confirming that CCM has maintained its decision to terminate the Outsourcing Agreement in accordance with the Termination Notice, as CCM believes that no amicable solution can be reached between the parties.

FNS maintains the position that it is not in default of the Outsourcing Agreement and intends to take such further actions as are necessary to enforce its rights and to claim for, amongst other, all costs incurred for the development of CCM's Core Digital Registry Solution and damages arising from the wrongful termination.

FNS is currently seeking legal advice on the matter and the remedies available to it to enforce its rights. Pending receipt of such legal advice the Board is unable to provide an opinion on the outcome of the matter at this juncture.

3. MATERIAL CONTRACTS

Save disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

- (i) Share purchase agreement dated 12 July 2019 entered into between Man Yau Holdings Berhad (as vendor), CTOS Holdings Sdn Bhd (as purchaser) and Omesti (as vendor's guarantor) for the disposal of Man Yau Holdings Berhad's entire shareholding comprising of 3,000,000 ordinary shares in Formis E Solutions Sdn Bhd to CTOS Holdings Sdn Bhd, for a total cash consideration of RM26,880,000.00. The share purchase agreement was completed in accordance with its terms on 12 July 2019.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur during office hours from Mondays to Fridays (except public holidays) from the date of this Circular until the date of the 20th AGM:

- (i) Constitution of Omesti;
- (ii) The audited consolidated financial statements of Omesti for the past two (2) financial years ended 31 March 2019 and 31 March 2020 and the unaudited 1st quarterly report on consolidated results for the financial period ended 30 June 2020;
- (iii) The relevant cause papers in respect of the material litigation referred to in Section 2 above; and
- (iv) The material contract referred to in Section 3 above.

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**OMESTI****OMESTI BERHAD**

[Registration No. 200001028094 (530701-T)]
(Incorporated in Malaysia)

EXTRACT RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING 20TH ANNUAL GENERAL MEETING

ORDINARY RESOLUTION 8

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS OF A REVENUE OR TRADING NATURE

“THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.3 of the Circular to Shareholders dated 28 August 2020 subject to the following:-

- i) the transactions are of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and 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; and
- ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholders' mandate in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 (the Act) (but shall not extend to such extension as may be allowed pursuant to Section 304(4) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and carry out such acts and actions as they may consider expedient or necessary to give effect to the shareholders' mandate.”