

Circular/Notice to Shareholders

TASCO BERHAD

Subject Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer attachment below.

Attachments

Circular 2017-Final.pdf
75.2 kB

Announcement Info

Company Name	TASCO BERHAD
Stock Name	TASCO
Date Announced	28 Jul 2017
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THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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TASCO Berhad
(Company No. 20218-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

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

The Notice of the Forty-Second Annual General Meeting of TASCO Berhad is enclosed in the Annual Report 2017 and sent to you together with this Circular. The Forty-Second Annual General Meeting is to be held at TASCO Berhad, Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan on Thursday, 7 September 2017 at 3.00 p.m. The Form of Proxy is included in the Annual Report 2017 and you are requested to complete the enclosed Form of Proxy and deposit it at the Registered Office at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan on or before the time and date indicated below, should you be unable to attend the Forty-Second Annual General Meeting.

Last day and time for lodging the Form of Proxy : Tuesday, 5 September 2017 at 3.00 p.m.

Date and time of the Forty-Second Annual General Meeting : Thursday, 7 September 2017 at 3.00 p.m.

This Circular is dated 28 July 2017

DEFINITIONS

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

"Act"	: The Companies Act, 2016 as amended from time to time and any re-enactment thereof
"AESSB"	: Agate Electro Supplies Sdn. Bhd. (200074-W), a 50% associate of TASC0
"AGM"	: Annual General Meeting
"Board"	: Board of Directors of TASC0
"BSSB"	: Baik Sepakat Sdn. Bhd. (313078-M), a wholly-owned subsidiary of TASC0
"Bursa Depository"	: Bursa Depository Sdn. Bhd. (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CCM"	: Companies Commission of Malaysia
"CMSA"	: Capital Markets and Services Act 2007
"Director"	: Shall have the same meaning given in Section 2 of the Act and Section 2(1) of the CMSA. For purposes of the RRPT Mandate, 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) a Director of the Company, its subsidiary or holding company; or (b) a Chief Executive Officer of the Company, its subsidiary or holding company
"EPS"	: Earnings per Share
"ETSB"	: Emulsi Teknik Sdn. Bhd. (313946-U), a wholly-owned subsidiary of TASC0
"GCT"	: Gold Cold Transport Sdn. Bhd. (464644-M), a wholly-owned subsidiary of TYGCSB
"GCLO"	: GC Logistics Sdn. Bhd. (553099-H), a wholly-owned subsidiary of GCT
"LPD"	: 30 June 2017, being the latest practicable date prior to the printing of the circular
"Listing Requirements"	: Bursa Securities Main Market Listing Requirements, as amended or modified from time to time
"Market Day"	: Any day on which Bursa Securities is open for trading of securities
"Major Shareholder"	: A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company

For the purpose of this definition, "Interest in shares" shall have the meaning given in Section 8 of the Act. A Major Shareholder 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 Major Shareholder of the Company or any other company which is its subsidiary or holding company

DEFINITIONS (cont'd)

"MKSB"	: Maya Kekal Sdn. Bhd. (729937-P), a wholly-owned subsidiary of TASC0
"NA"	: Net assets
"NYK"	: Nippon Yusen Kabushiki Kaisha, the ultimate holding company of TASC0
"NYK Group"	: NYK and its subsidiary companies and affiliates
"OSSB"	: Omega Saujana Sdn. Bhd. (516536-M), a 51.22% subsidiary of TASC0
"Person connected"	: In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:- <ul style="list-style-type: none">(a) a member of the Director's or Major Shareholder's family, which family shall have the meaning given in Section 197 of the Act;(b) a trustee of a trust (other than a trustee for a share scheme or pension scheme) under which the Director, Major Shareholder or a member of the Director's or Major Shareholder's family is the sole beneficiary;(c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;(d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;(h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or(i) a body corporate which is a related corporation
"PFSB"	: Precious Fortunes Sdn. Bhd. (194250-V), a wholly-owned subsidiary of TASC0
"PKSB"	: Piala Kristal (M) Sdn. Bhd. (514004-U), a 51.22% subsidiary of TASC0
"Proposed Renewal of Shareholders' Mandate"	: Proposed renewal of shareholders' mandate for the RRPT to be entered into by the Group from the date of the forthcoming Forty-Second AGM or any adjournment thereof, until the conclusion of next AGM as set out in Section 2.3.2

DEFINITIONS (cont'd)

"Recurrent Transactions" or "RRPT"	: Transactions entered into by the Company and/or its subsidiary companies involving the interest, direct or indirect, of related parties involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the Group
"Related Party(ies)"	: A Director, Major Shareholder of TASCOT or person connected with such Director or Major Shareholder
"RFPSB"	: Real Fortune Portfolio Sdn. Bhd. (733254-U), a substantial shareholder of TASCOT
"RM" or "Sen"	: Ringgit Malaysia and sen, respectively
"TASCOT" or "Company"	: TASCOT Berhad (20218-T)
"TASCOT Group" or "Group"	: TASCOT and its group of subsidiaries
"TASPL"	: Trans-Asia Shipping Pte Ltd (200101000W), a wholly-owned subsidiary of TASCOT
"TCLSB"	: Tunas Cergas Logistik Sdn. Bhd. (317636-X), a wholly-owned subsidiary of TASCOT
"TYGCSB"	: TASCOT YUSEN Gold Cold Sdn. Bhd. (formerly known as TASCOT Express Sdn. Bhd.) (616494-X), a wholly-owned subsidiary of TASCOT
"TPSB"	: Titian Pelangi Sdn. Bhd. (259422-V), a wholly-owned subsidiary of TASCOT
"YLK"	: Yusen Logistics Co. Ltd, a Major Shareholder of TASCOT
"YLSG"	: Yusen Logistics (Singapore) Pte Ltd (197900428R), a Major Shareholder of TASCOT
"YUSEN Group"	: YLK and its subsidiary companies and affiliates

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to a Malaysian time, unless otherwise stated.

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



NYK GROUP COMPANY

TASCO Berhad

(Company No. 20218-T)

(Incorporated in Malaysia)

Registered Office:-

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

28 July 2017

Directors:-

Mr. Lee Check Poh (*Executive Chairman*)
Mr. Lim Jew Kiat (*Managing Director*)
Mr. Tan Kim Yong (*Deputy Managing Director*)
Mr. Masaki Ogane (*Executive Director*)
Mr. Yasushi Ooka (*Non-Independent Non-Executive Director*)
Mr. Lee Wan Kai (*Executive Director*)
Mr. Raymond Cha Kar Siang (*Independent Non-Executive Director*)
Mr. Kwong Hoi Meng (*Independent Non-Executive Director*)
Mr. Raippan s/o Yagappan @ Raiappan Peter (*Independent Non-Executive Director*)

To: The Shareholders of TASCO

Dear Sir/Madam,

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

1. INTRODUCTION

At the previous AGM held on 28 September 2016, the shareholders of the Company approved, inter alia, a shareholders' mandate for the Company and/or its subsidiaries to enter into Recurrent Transactions. The shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

Accordingly, the Board had on 4 July 2017 announced the Company's intention to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant details of the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolution therein to be tabled at the forthcoming AGM which will be convened at TASCO Berhad, Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan on Thursday, 7 September 2017 at 3.00 p.m.

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

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provision under the Listing Requirements

Paragraph 10.09 of the Listing Requirements and Practice Note 12 allow the Company to seek a shareholders' mandate in respect of RRPT subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of minority shareholders;
- (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:
 - (i) the consideration, value of the assets, capital outlay or cost of the aggregated transactions is RM1 million or more; or
 - (ii) any one of the percentage ratios of such aggregated transactions is 1% or more,whichever is the higher;
- (c) the issuance of a circular to shareholders by the listed issuer containing information as specified in the Listing Requirements;
- (d) in a meeting to obtain the shareholders' mandate, the interested Director(s), interested Major Shareholder(s) and interested person(s) connected with the Director(s) or Major Shareholder(s); and where it involves the interest of an interested person connected with the Director or Major Shareholders, such Director or Major Shareholder, must not vote on the resolution to approve 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 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.

Accordingly, the Board proposes to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate. The Proposed Renewal of Shareholders' Mandate is in respect of all the RRPT entered into by the Group from Forty-Second AGM to the date of the next AGM of the Company. The Proposed Renewal of Shareholders' Mandate will allow the Group, in the normal course of business, to enter into the RRPT referred to in Section 2.3 with the Related Parties, provided that such transactions are made at arm's length, on the Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public which will not be to the detriment of the minority shareholders. The RRPT will also be subject to the review procedures set out in Section 2.4 below.

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

- (a) the conclusion of the next AGM of the Company following the general meeting at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date 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 of the Company in general meeting;

whichever is earlier.

2.2 Principal Activities

The Company is principally engaged as a total logistics solutions provider while the principal activities of its subsidiaries and associate are as follows:-

Name of Company	Principal Activities	Effective equity interest as at LPD
<u>Subsidiary Companies</u>		
BSSB	Truck rental and insurance agency services	100%
ETSB	Truck rental and logistics services	100%
MKSB	Trading	100%
TYGCSB	Investment Holding	100%
PFSB	Warehouse rental	100%
TCLSB	Truck rental, in-house truck repair and maintenance and provision of other related logistics services	100%
TASPL	Customs broking, handling agency and freight forwarding services	100%
TPSB	Warehouse rental	100%
OSSB	Freight forwarding services	51.22%
PKSB	Freight forwarding services	51.22%
<u>Indirect Subsidiary Companies</u>		
GCT*	Transportation, provision of cold room facilities, import and export of goods and a distributor of all kinds of fruits and as a real property company, etc	100%
GLO#	Rendering of transportation, cold room storage facilities, repackaging and value added services	100%
<u>Associated Company</u>		
AESSB	Warehouse rental	50.00%

* Held indirectly through TYGCSB

Held indirectly through TGYCSB and GCT

2.3 Classes and Nature of RRPT

The Proposed Renewal of Shareholders' Mandate would apply to transactions with Related Parties comprising Directors and/or Major Shareholders of the Company and/or persons connected with such Directors and/or Major Shareholders and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or Major Shareholder of the Company or any other company which is its subsidiary. Such Related Parties are as described below:-

2.3.1 Classes of Related Parties

Directors:

Related Parties	Nature of Relationships
Mr. Masaki Ogane	A Director of TASC0 and authorised representative of YLK.
Mr. Yasushi Ooka	A Director of TASC0 and authorised representative of NYK.

Major Shareholders and Persons Connected with them:

Related Parties	Principal Activities	Nature of Relationships
NYK	Global logistics based on international marine transportation business, cruises, terminal and harbour transport, shipping-related services and real estate.	Ultimate holding company of TASC0 and deemed interested by virtue of its subsidiary companies, YLK, YLSG, equity interests in TASC0.
YLK	Air cargo consolidation business, freight forwarding, warehousing and logistic operations.	A Major Shareholder of TASC0 and a subsidiary of NYK.
YLSG	Provision of freight forwarding, transportation, warehousing and logistic operations.	A Major shareholder of TASC0 and a subsidiary of YLK.

The details of the direct and indirect interests of the Directors and Major Shareholders and persons connected with them are indicated in Section 7 below.

2.3.2 Nature of RRPT

The RRPT set out below, are general transactions entered into/to be entered into by the Group relating to the provisions of or obtaining of products and services to or from the Related Parties in the ordinary course of business, under the Proposed Renewal of Shareholders' Mandate:-

No.	Nature of Transactions	Transacting Parties	Interested Related Parties	Estimated value ⁽³⁾ of RRPT from the date of the forthcoming AGM until the next AGM (RM'000)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 28 July 2016 Estimated Value (RM'000)	Actual value transacted from 28 September 2016 to LPD Actual Value (RM'000) ⁽⁴⁾
1.	Various agency agreements entered into between TASCO and the respective NYK's subsidiaries to act as the handling agents in the respective countries and facilitate the operations of each other.	TASCO/ NYK Group, YLK and YLSG	Mr. Masaki Ogane, Mr. Yasushi Ooka, NYK Group, YLK and YLSG	Sales ⁽¹⁾ : 120,000 Purchases ⁽²⁾ : 120,000	Sales 120,000 Purchases 120,000	Sales 79,339 Purchases 59,668
2.	Various staff secondment agreements entered into between TASCO and the NYK's subsidiaries whereby NYK's subsidiaries agree to second and TASCO agrees to engage the expatriate who shall be regarded as a member of TASCO's staff and shall be subject to TASCO's rules and regulations.	TASCO/ NYK Group, YLK and YLSG	Mr. Masaki Ogane, Mr. Yasushi Ooka, NYK Group, YLK and YLSG	1,050	1,050	217
3.	Software agreements entered into between TASCO and NYK's subsidiaries to grant TASCO for the use of computer software for its various logistics services.	TASCO/ NYK Group, YLK and YLSG	Mr. Masaki Ogane, Mr. Yasushi Ooka, NYK Group, YLK and YLSG	1,400	1,400	528
4.	Management service agreements entered into between TASCO and NYK's subsidiaries for the provision of business development, sales, marketing and related activities by NYK Group to TASCO.	TASCO/ NYK Group, YLK and YLSG	Mr. Masaki Ogane, Mr. Yasushi Ooka, NYK Group, YLK and YLSG	5,000	5,000	3,093
5.	Provision of freight services by NYK's subsidiaries to TASCO.	TASCO/ NYK Group, YLK and YLSG	Mr. Masaki Ogane, Mr. Yasushi Ooka, NYK Group, YLK and YLSG	10,000	10,000	1,759

No.	Nature of Transactions	Transacting Parties	Interested Related Parties	Estimated value ⁽³⁾ of RRPT from the date of the forthcoming AGM until the next AGM (RM'000)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 28 July 2016 Estimated Value (RM'000)	Actual value transacted from 28 September 2016 to LPD Actual Value (RM'000) ⁽⁴⁾
6.	<p>Various lease agreement entered into between TASCO and the respective NYK's subsidiaries for the usage of the NYK Group's office / warehouse facilities by TASCO and also for the usage of TASCO's office by NYK's subsidiaries.</p> <p>Rented by NYK Line (M) Sdn. Bhd. from TASCO</p> <p>Location : Lot No. 1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor Darul Ehsan. Area : Approximately 929 square metre Rental received : RM300,000/year Tenancy term : 1 year Frequency of Rental Payment: Monthly</p>	TASCO/ NYK Group, YLK and YLSG	Mr. Masaki Ogane, Mr. Yasushi Ooka, NYK Group, YLK and YLSG	450	450	229

Notes :-

- (1) Sales are in respect of handling agency fees received by the Group from NYK Group where the Group acted as the handling agent for NYK Group.
- (2) Purchases are in respect of handling agency fees paid to NYK Group by the Group where NYK Group acted as the handling agent for the Group.
- (3) The estimated value was arrived at based on, amongst others, the actual transaction value during the previous financial year, information available at the point of estimation and the current state of the market and freight rates or based on prevailing prices obtained from the Related Parties which are reasonable market-competitive prices. The estimated value is further based on the assumptions that current level of operations will continue and all external conditions will remain constant. Due to the nature of such transactions, the actual value of the transactions may vary from the estimated value disclosed above.
- (4) None of the Actual Value of the RRPT has exceeded the Estimated Value by 10% or more.

As at LPD, the breakdown of the principal sum and interest for the total outstanding amount due under the RRPT which exceeded the following credit term are as follows:-

Exceeded credit terms for	Outstanding Trade Receivables from Related Parties	
	Principal (RM)	Interest (RM)
a period of 1 year or less	15,670,049	Nil
a period of more than 1 year to 3 years	540,571	Nil
a period of more than 3 years to 5 years	Nil	Nil
a period of more than 5 years	Nil	Nil

No late charges were imposed as the amount exceeding credit terms arose due to various operation complications and disputes in some of these shipments, which resulted in NYK and Yusen Group delay in settling the outstanding debts. The management monitors and analyses the outstanding debts on regular basis and follow up on the status of the case and will take appropriate action to recover the outstanding amounts.

The Board of Directors is aware of the outstanding amount that exceeded the credit period and opined that outstanding debts exceeding the credit period do occur in the normal course of business. Further, the Board of Directors is of the opinion that the above outstanding debts are collectable and has instructed the management to monitor and follow up to ensure all the outstanding debts are collected. The management would monitor and analyse the monthly aging statements and follow up with the related parties on the collection.

2.4 Review Methods or Procedures of RRPT

2.4.1 Review Methods or Procedures

The Group has established various procedures to ensure that such RRPT are undertaken on an arm's length basis and on the Group's normal commercial terms, which are consistent with the Group's usual business arrangements, practices and policies and on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to minority shareholders.

In this respect, the Group has implemented the following review and disclosure procedures with regard to RRPT:-

- (a) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, specifications, exchange rates and other relevant factors. Where practical and feasible, quotations and/or tenders from at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be obtained and used as comparison 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.

In the event that quotation or comparative pricing from unrelated parties cannot be obtained, the transaction price will be determined by the Group based on the usual business practices to ensure that the RRPTs are not detrimental to the Group.

- (b) Records will be maintained by the Company's Finance Department to capture all RRPT which are entered into pursuant to the Proposed Renewal of Shareholders' Mandate. The Finance Department will be monitoring, tracking and identifying RRPT transactions and reporting to the Senior Management for presenting to the Audit Committee for review.

- (c) There are no specific thresholds for approval of Recurrent Transactions. All Recurrent Transactions are reviewed by Audit Committee and approved by Board of Directors, provided always that the interested directors are abstained from deliberating and voting on the said resolution.

On the provision for freight services, where there is no agreement, it is not practical for the Group to get approval from Audit Committee/Board of Directors every time it wants to provide freight service. The terms of transactions for the services will be in accordance with the Group's usual business practice and at rates not more favourable to the Related Parties than those available to the public. All such transactions of any amount will be subject to the review and recommendation of the Business Division's respective Head and Business Director as the case may be on terms which are generally in line with industry norms.

- (d) The internal audit plan will incorporate a review of RRPT entered into pursuant to the Proposed Renewal of Shareholders' Mandate to ensure that the internal control and procedures in respect of the RRPT are adhered to.
- (e) The Audit Committee will review the internal audit report to ascertain that relevant procedures, guidelines and policies established to monitor the RRPT have been complied with.
- (f) The Board and the Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable. If a member of the Board or the Audit Committee has an interest in a transaction, he will abstain from any deliberation and decision-making by the Board or the Audit Committee in respect of the said transaction.
- (g) Disclosure will be made in the annual report of the Company in respect of the breakdown of the aggregate value of the RRPT made during the financial year during which a shareholders' mandate is in force, based on the type of the transactions made, the names of the related parties involved in each type of RRPT made and their relationship with the Group.
- (h) The review of these procedures and processes are carried out twice yearly.

The Audit Committee undertakes that procedures are in place to ensure that the RRPT entered into are conducted:

- (a) at arm's length;
- (b) on normal commercial terms;
- (c) on terms not more favourable to the Related Parties than those generally available to the public;
- (d) in the Company's opinion, are not detrimental to the minority shareholders; and
- (e) in the best interest of the Group.

The Board of the Company and the Audit Committee have reviewed the procedures and shall continue to review the procedures as and when required.

2.4.2 Abstention from Voting

Categories of persons who will abstain from voting are as follows :-

- a. Interested Director(s);
- b. Interested Major Shareholder(s);
- c. Person(s) connected to the interested Director(s) or interested Major Shareholder(s); and
- d. Director(s) or Major Shareholder(s) whose person(s) connected is/are interested in the RRPT.

3. STATEMENT BY AUDIT COMMITTEE

The Audit Committee was of the opinion that:

- (a) the Group's procedures and processes, which are reviewed twice a year, is adequate to monitor, track and identify RRPT in a timely and orderly manner; and
- (b) the procedures mentioned in Section 2.4, which are reviewed twice yearly, are sufficient to ensure that RRPT are not more favourable to the Related Parties than those generally available to the public and will be made at arm's length and in accordance with the Group's normal commercial terms, and hence, will not be detrimental to minority shareholders or disadvantageous to the Group.

4. RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The RRPT entered into by the Group with the Related Parties is in the ordinary course of business and are necessary for its day-to-day operations. The RRPT is a recurring transaction of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

The Proposed Renewal of Shareholders' Mandate will enable the Group to enter into the RRPT which is necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

The obtaining of the Proposed Renewal of Shareholders' Mandate and renewing the same on an annual basis, would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT with Related Parties arise; thereby reducing substantially administrative time, inconvenience 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 Group should be able to have access to all available markets, products and services with unrelated and related parties. The Group benefits from the RRPT through the synergies that are derived from the related parties' global network (through acting as a handling agent of NYK network, provision of freight services and leasing of office/warehouse by the NYK Group) and expertise (through staff secondments, usage of computer software and provision of management services by the NYK Group). Transacting with the Related Parties enhances the ability of the Group to explore beneficial business opportunities. As such, the Proposed Renewal of Shareholders' Mandate is of paramount importance for the continued success and viability of the Group.

5. APPROVAL REQUIRED

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

6. FINANCIAL EFFECTS

The Proposed Renewal of Shareholders' Mandate, if obtained at the forthcoming AGM, will not have any effect on the EPS and NA per share at the Group level, issued share capital, substantial shareholding, gearing and dividend rate of the Company.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The direct and indirect interests of the interested Directors, interested Major Shareholders and interested Persons Connected with them as at LPD are as follows:-

Name	<-----Direct interest----->		<-----Indirect Interest----->	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Mr. Masaki Ogane	-	-	-	-
Mr. Yasushi Ooka	-	-	-	-
Interested Major Shareholders				
NYK	19,179,182	9.59	110,759,942 ⁽¹⁾	55.38
YLK	62,779,578	31.38	47,980,364 ⁽²⁾	23.99
YLSG	47,980,364	23.99	-	-

Notes :

(1) Deemed interested by virtue of its subsidiary companies, YLK and YLSG's equity interests in the Company pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of its equity interest in YLSG pursuant to Section 8 of the Act.

The interested Directors, Mr. Masaki Ogane and Mr. Yasushi Ooka have abstained and will continue to abstain from deliberation and voting on the resolution at the board meeting of the Company in relation to the Proposed Renewal of Shareholders' Mandate for RRPT which they are interested.

The interested Directors, Mr. Masaki Ogane and Mr. Yasushi Ooka and the interested Major Shareholders, NYK, YLK and YLSG together with persons connected to them shall abstain from voting in respect of their direct and indirect shareholdings on the resolution which they are interested, and which is to be tabled at the forthcoming AGM.

The interested Directors, Mr. Masaki Ogane and Mr. Yasushi Ooka and the interested Major Shareholders, NYK, YLK and YLSG have undertaken to ensure that persons connected with them will also abstain from voting in respect of their direct and indirect shareholdings on the resolution which they are interested, and which is to be tabled at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders of TASCOS or persons connected with them has any interest, directly or indirectly, in the Proposed Renewal of Shareholders' Mandate.

8. DIRECTORS' RECOMMENDATION

The Board, save and except for the interested Directors, Mr. Masaki Ogane and Mr. Yasushi Ooka who have abstained from Board's deliberation and voting on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM, having considered the rationale and benefits of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Group and its shareholders. Accordingly, the Directors, save and except for the interested Directors, Mr. Masaki Ogane and Mr. Yasushi Ooka, recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

9. FORTY-SECOND AGM

The Forty-Second AGM, notice of which is enclosed in the Annual Report 2017, will be held on Thursday, 7 September 2017 for the purpose of considering and if thought fit, passing the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the Forty-Second AGM, you are requested to complete, sign and deposit the Form of Proxy which is enclosed in the Annual Report 2017 of the Company in accordance with the instructions printed thereon, at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not later than 48 hours before the time fixed for the Forty-Second AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices I and II for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
TASCO Berhad

LEE CHECK POH
Executive Chairman

APPENDIX I: FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of the Company and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular 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 CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, which have been entered into by the Company and/or its subsidiary during the two (2) years immediately preceding the date of this Circular.

- (a) Sale and Purchase Agreement ("SPA") dated 9 January 2017 entered into between the Company and Gold Cold Transport Sdn. Bhd. ("GCT") for the acquisition of the entire issued and fully paid-up ordinary shares in GCT for an indicative cash consideration of RM186,086,428 which was subsequently confirmed at RM185,616,671 after the adjustments as set out in the GCT SPA: and
- (b) Agreements dated 23 January 2017 entered into between the Company and Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.) ("SILS") of the following:
 - (i) SPA for the acquisition of six (6) parcels of leasehold lands all located in Pulau Indah measuring approximately 159,935 square metres (approximately 39.52 acres) in total, together with the furniture, fixtures, fittings and building(s) erected thereon (save for the fixtures, fittings and building erected on PT 128574) and bearing postal address at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah ("Pulau Indah"), 42920 Pelabuhan Klang, Selangor for a cash consideration of RM113,827,400: and
 - (ii) Share Sale Agreement for the acquisition of 3,000,000 ordinary shares and 2,800,000 redeemable convertible preference shares in MILS Cold Chain Logistics Sdn. Bhd., ("MCCL"), representing the entire equity interest in MCCL for a cash consideration of RM9,925,100 as well as the assumption of loans received by MCCL from SILS with an outstanding balance of RM20,000,000, for a total cash consideration of RM29,925,100.
- (c) SPA dated 30 October 2015 was signed with Crimson Horse Sdn. Bhd. in respect of the disposal of property held under H.S.(D) 79351, PT 4980, Mukim Damansara and District of Petaling, Selangor together with a factory erected thereon for a cash consideration of RM10,940,000. The agreement was completed on 15 March 2016.

3. MATERIAL LITIGATION

The Board has confirmed that the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from the date of this Circular up to and including the date of the forthcoming AGM:

- (a) the Constitution of the Company;
- (b) the statutory audited financial statements of the Company for the two (2) years ended 31 March 2016 and 31 March 2017;
- (c) GCT SPA dated 9 January 2017;
- (d) Pulau Indah SPA and MCCL SPA dated 23 January 2017 respectively; and
- (e) SPA with Crimson Horse Sdn. Bhd. dated 30 October 2015.

APPENDIX II: EXTRACT OF RESOLUTION



EXTRACT OF RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING AGM

ORDINARY RESOLUTION - 11

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

"THAT pursuant to Paragraph 10.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into and give effect to the Recurrent Transactions with the Related Party as detailed in Section 2.3.2 of the Circular to Shareholders dated 28 July 2017 which are necessary for the Company and its subsidiaries' day-to-day operations in the ordinary course of business on terms not more favourable to the said Related Party than those generally available to the public and not detrimental to minority shareholders of the Company.

AND THAT such approval shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or
- 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 Companies Act, 2016 ("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 a resolution passed by the shareholders in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature."

