

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Bursa Malaysia Securities Berhad ("Bursa Securities") did not peruse this Circular prior to issuance as they are exempt documents pursuant to Guidance Note No. 22 of Bursa Securities ACE Market Listing Requirements. 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.

Shareholders should rely on their own evaluation to assess the merits and risks of the proposals set out herein.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE
(ALSO KNOWN AS "THE PROPOSAL")**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS
AT THE TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING**

The resolution in respect of the above Proposal will be tabled as Special Business at the forthcoming Twenty-Fourth Annual General Meeting ("**AGM**") of Straits Inter Logistics Berhad ("**Company**"), which will be conducted through live streaming from the Broadcast Venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Thursday, 24 June 2021 at 9.30 a.m.** The Notice of the AGM together with the Proxy Form are enclosed in the Annual Report of the Company for the financial year ended 31 December 2020.

Shareholders are to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM via the remote participation and voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIH Online website at <https://tiah.online>.

The Proxy Form should be completed and returned in accordance with the instructions therein and should be lodged at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan OR the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, you have the option to lodge the proxy appointment electronically via TIH Online at <https://tiah.online> or email to is.enquiry@my.tricorglobal.com not less than 48 hours before the time holding the AGM as indicated below:-

Last date and time for lodging the Proxy Form : Tuesday, 22 June 2021 at 9.30 a.m.

Date and time of the AGM : Thursday, 24 June 2021 at 9.30 a.m

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendix:

“Act”	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
“ACE Market”	:	ACE Market of Bursa Securities
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of the Company
“Black Hummer”	:	Black Hummer Security Sdn Bhd
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities” or “Exchange”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This Circular to shareholders of Straits dated 28 May 2021 is in relation to the Proposed Renewal of Shareholders’ Mandate
“CMSA”	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
“Director”	:	Director 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 transaction were agreed upon – (i) a director of the listed corporation, its subsidiary or holding company; or (ii) a chief executive of the listed corporation, its subsidiary or holding company
“FYE”	:	Financial year ended / ending
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, including any Guidance Note(s) issued in relation thereto
“LPD”	:	30 April 2021, being the latest practicable date of this Circular
“Major Shareholder”	:	A person who has 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

- “Person Connected” : In relation to any person (referred to as “said Person”) means such person who falls under any one (1) of the following categories:
- (i) a family member of the said Person. Family in relation to a person means such person who falls within any one of the following categories:
 - a) spouse;
 - b) parent;
 - c) child including an adopted child and step-child;
 - d) brother or sister; and
 - e) spouse of the person referred to in subparagraphs (c) and (d) above.
 - (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person or a family member of the said Person is the sole beneficiary;
 - (iii) a partner of the said Person. Partner in relation to the said Person, means such person who fall within any one of the following categories:
 - (a) a person with whom the said Person, is in or proposes to enter into partnership with.
“Partnership” for this purpose refers to a “partnership” as defined in Section 3 of the Partnership Act 1961 or “limited liability partnership” as defined in Section 2 of the Limited Liability Partnerships Act 2012, as the case may be; or
 - (b) a person with whom the said Person has entered or proposes to enter into a joint venture, whether incorporated or not.
 - (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (vi) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (vii) a body corporate which is a related corporation of the said Person;

Proposed Renewal of Shareholders' mandate	: Proposed Renewal of existing shareholders' mandate for RRPT of a revenue or trading nature, the details of which are set out in Appendix 1 of this Circular.
"Record of Depositors"	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
"Recurrent Related Party Transaction(s)" or "RRPT"	: Related Party Transaction(s) involving recurrent transactions of a revenue or trading nature that 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 or Person Connected to such Director or Major Shareholder
"Related Party Transaction(s)"	: Transaction(s) entered into by Straits Group which involve(s) the interest, direct or indirect, of the Related Party(ies)
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Rules of Bursa Depository"	: Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"SBSB"	: Selatan Bunker (M) Sdn. Bhd.
"SML"	: Sinar Maju Logistik Sdn Bhd
"Straits" or "Company"	: Straits Inter Logistics Berhad
"Straits Group" or "Group"	: The Company and its subsidiaries
"Straits Share(s)" or "Share(s)"	: Ordinary shares in the Company
"SMF"	: Straits Marine Fuels & Energy Sdn Bhd
"SMF Group"	: SMF and its Subsidiaries
"SMS"	: Straits Marine Services Pte Ltd
"TMD"	: Tumpuan Megah Development Sdn Bhd
"TMD Group"	: TMD and its Subsidiaries
"TMD Subsidiaries"	: Cavalla Asia Ltd, Dolphin Asia Ltd, Escolar Asia Ltd, Phoenix Asia Ltd, Oscar Asia Ltd and S3 Asia Ltd.
"USD" or "US cents"	: United States Dollar and cents respectively

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

Any references to “the Company” and “Straits” in this Circular are made to Straits, and all references to “the Group” and “Straits Group” are made to the Company and its subsidiary companies. All references to “we”, “us” and “our” are made to the Company, save and where the context otherwise requires, shall include its subsidiaries.

All references to “you” in this Circular are to the shareholders of Straits.

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 Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, the actual figures and the totals thereof are due to rounding.

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Registered Office:
No. 149A, 149B, 151B
Persiaran Raja Muda Musa
42000 Port Klang
Selangor Darul Ehsan

28 May 2021

Board of Directors:

1. YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud (Non-Independent Non-Executive Chairman)
2. Dato' Sri Ho Kam Choy (Group Managing Director)
3. Tan Sri Mohd Bakri Bin Mohd Zinin (Non-Independent & Non-Executive Director)
4. Captain Tony Tan Han (Chen Han) (Executive Director)
5. Ho Fook Meng (Independent & Non-Executive Director)
6. Leong Fook Heng (Independent & Non-Executive Director)
7. Harison Binti Yusoff (Non-Independent & Non-Executive Director)
8. Ho Hung Ming (Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin)

To: Our Shareholders

Dear Sir/Madam,

STRAITS INTER LOGISTICS BERHAD

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

1. INTRODUCTION

At the Company's AGM held on 22 June 2020, the Company had obtained a shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Existing Mandate") which are necessary for the day to day operations of Straits Group, with certain classes of related parties.

The Existing Mandate, shall in accordance with the Listing Requirements, expire at the conclusion of the forthcoming AGM of the Company, scheduled for 24 June 2021, unless it is renewed at the said AGM.

On 21 May 2021, the Board announced that Straits is proposing to seek your approval for the renewal of the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate as well as to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

The Twenty-Fourth (24th) AGM of the Company will be conducted through live streaming from the Broadcast Venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on **Thursday, 24 June 2021 at 9.30 a.m.** The Notice of AGM together with the Proxy Form, are enclosed in the 2020 Annual Report of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE COMPANY'S FORTHCOMING TWENTY-FOURTH AGM.

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2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

- (i) Pursuant to Paragraph 10.09(2) of Chapter 10 of the Listing Requirement, a listed issuer may seek shareholders' mandate in respect of RRPT subject to the following:
 - (a) the transactions are in the ordinary course of business and are on the 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 below in relation to a listed issuer with a share capital of more than RM60 million:-
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
 - (ii) any one of the percentage ratios of such RRPT is 1% or more,whichever is the higher;
 - (c) the listed issuer to issue circular to shareholders in relation to the shareholders' mandate and it must include information as may be prescribed by Bursa Securities, together with a checklist showing compliance with such information when submitting to Bursa Securities;
 - (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 approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
 - (e) the listed issuer immediately announces 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 ten percent (10%) or more and it must include the information as may be prescribed by Bursa Securities in its announcement.
- (ii) Transactions entered into between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary are excluded from the requirements of Part E of Chapter 10 of the Listing Requirement.

- (iii) Where the Company has procured its Shareholders' Mandate pursuant to the Listing Requirement, the provisions of Rule 10.08, Part E of Chapter 10 of the Listing Requirements shall not apply during the period of validity of the Shareholders' Mandate.

2.2 Validity of the Proposed Renewal of Shareholders' Mandate

It is anticipated that in the ordinary course of the Group's business, Recurrent Transactions between Straits Group and the Related Parties are likely to occur at any time and with some degree of frequency.

The Group has entered or may enter into Recurrent Related Party Transactions which are detailed in Appendix 1 of this Circular.

In view of the forthcoming expiry of the Existing Mandate and the frequent nature of such Recurrent Related Party Transactions, the Company is seeking the approval of Shareholders for the Proposed Renewal of Shareholders' Mandate in order for the Group to enter into the Recurrent Related Party Transactions as set out in Appendix 1 of this Circular with the Related Parties provided that such transactions are made at arms' 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 and are not to the detriment of the minority shareholders of the Company.

The Proposed Renewal of Shareholders' Mandate, if approved at the forthcoming AGM, shall take effect from the date of passing of the resolution proposed at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

2.3 Disclosure in annual report

Disclosure will be made in the Company's Annual Report in accordance with Paragraph 3.1.5 of Guidance Note 8 of the Listing Requirement, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year pursuant to the Proposed Renewal of Shareholders' Mandate based on the following information:

- (a) type of Recurrent Related Party Transactions made; and
- (b) names of the Related Parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company.

2.4 Classes of Related Parties

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) Directors;
- (b) Major Shareholders; and
- (c) Persons Connected with the Directors and/or Major Shareholders.

2.5 Straits Group – Principal Business Activities

The Company is principally engaged in investment holding activities and the provision of management services and the principal activities of the Subsidiaries/Associates are as follows:-

Companies	Effective Equity Interest	Principal activities
<u>Subsidiaries</u>		
Quest Technology Sdn Bhd	100%	Provision of oil trading.
Raya Consumable Sdn Bhd	100%	Provision of oil trading.
*Quest System & Engineering Sdn Bhd	100%	The Company is dormant
*Quest Equipment & Services Sdn Bhd	100%	The Company is dormant
Selatan Bunker (M) Sdn Bhd	51%	Provision of oil trading and bunkering services for marine fuel and petroleum based products.
Pan Management Services Ltd	100%	Provision of management services
TMD Straits Ltd	100%	Provision of vessel chartering services.
TMD Sturgeon Ltd	100%	Provision of vessel chartering services.
Straits Port Management Sdn Bhd ("SPM")	100%	Investment Holding

Companies	Effective Equity Interest	Principal activities
Subsidiaries		
Straits Alliance Transport Sdn Bhd ("SAT")	70%	Inland transportation services.
**Straits Marine Fuels & Energy Sdn Bhd ("SMF")	85%	Provision of oil trading.
Straits Marine Services Pte Ltd ("SMS")	51%	Provision of ship management services
Tumpuan Megah Development Sdn Bhd ("TMD")	70%	Provision of bunkering services for marine fuel and petroleum based products.
SMF Eden Maritime Ltd	100%	Provision of vessel chartering services
Cavalla Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Dolphin Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Escolar Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Phoenix Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Oscar Asia Ltd	100% owned by TMD	Provision of vessel chartering services
S3 Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Fajar Maritime and Logistics Sdn Bhd ("FML")	60% owned by SPM	The Company is dormant

Companies	Effective Equity Interest	Principal activities
<u>Subsidiaries</u>		
Victoria (STS) Labuan Sdn Bhd	70% owned by FML	Oil and gas, logistics and marine service provider
Straits Maritime Services Pte Ltd	100% owned by SMS	Provision of general cleaning services (excluding household cleaning)
Straits Alliance Tech Sdn Bhd	100% owned by SAT	Traders of trucks and automotive spare parts and service station for trucks and motor vehicles
Megah Port Management Sdn Bhd	51% owned by SPM	Port operation and facility management services
SMF Begonia Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Ixora Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Omura Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Beluga Ltd	100% owned by SMF	Provision of vessel chartering services
Sierra Pioneer Marine Ltd	51% owned by SMF	Investment Holding
<u>Associate Company</u>		
Banle International Group Limited	38%	Investment Holding

* In the process of striking off

** The equity interests held through TMD is 18%

2.6 RELATED PARTIES AND NATURE OF THE RRPT

(a) Details of the Related Parties and Nature of RRPT

The details of the Related Parties and Nature of the RRPT under the Proposed Renewal of Existing Shareholders' Mandate are set out in Appendix I of this Circular.

(b) Amount Due and Owing to Straits Group by Related Parties

As at the LPD, there was no outstanding amount due from or owing to the Related Parties under the Existing Mandate which has exceeded the credit term.

3. REVIEW PROCEDURES IN RELATION TO RRPT

3.1 Review Procedures for the RRPT

Straits Group has established various procedures to ensure that such RRPT are to be undertaken at an arm's length basis and on the Group's normal commercial terms and consistent with the Group's usual business practices and policies and on transaction price and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to the minority shareholders. There are no specific thresholds for approval of RRPT within the Group. All RRPT will be reviewed by the Audit Committee ("AC") and approved by the Board of Directors ("the Board").

Therefore, disclosure and approval procedures with regard to RRPT are as follows:

- (i) a list of the Related Parties will be established and circulated to the heads of each finance division within the Group, who shall monitor and ensure that all RRPT to be entered into by the Group are reported and forwarded to the AC, who then ensures that the RRPT are to be undertaken at an arm's length basis, on the Group's normal commercial terms, on terms which are not more favourable to the Related Parties other than those generally available to the public and which are not to be detrimental to the minority shareholders. These include transacting at prevailing market rates/ prices of the service provider's usual commercial terms or otherwise in accordance with applicable industry norm. Transactions refers to both sales and purchases or services of the Group;
- (ii) the Group is made aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on all RRPT for compilation and reporting to the AC;
- (iii) proper records are maintained at the Company and each of its subsidiaries to capture all RRPT so that all RRPT entered pursuant to the mandate will be adequately discussed;
- (iv) all RRPT will be reviewed by the AC on a quarterly basis. In its review of such transactions, the AC may, as it deems fit, request for additional information from independent source;

- (v) the internal audit plan shall incorporate a review of RRPT to ensure that all the relevant approvals for the RRPT have been obtained. The internal audit function of the Group will conduct periodic reviews of the system of controls in place to ensure that RRPT are identified and reported, and to determine whether internal guidelines and procedures have been complied with (including those to ensure that transactions are at arm's length);

The results of the internal audit reviews will be tabled for the review of the AC. The AC will review these reports to determine whether established guidelines and procedures have been adhered to and if there is a need for further review or to improve the procedures;

- (vi) the Board and AC shall have overall responsibility for determination of the review procedures and guidelines including addition of new review procedures, where applicable. An annual review of the RRPT procedures and guidelines will be carried out by the AC. If during the annual review, the AC is of the view that the RRPT procedures and guidelines are no longer valid or inadequate to ensure that the RRPT are made on an arm's length basis on the Group's normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and not to the detrimental of our minority shareholders, the AC shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones;
- (vii) 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;
- (viii) In the event where such comparable quotations from unrelated third parties cannot be obtained, the Purchase Order/ Contract/ Agreement which is transacted with the Related Parties shall be approved by at least two (2) managerial level who has no interest in the transaction and familiar/ relevant to that industry in order to give proper purchase justification prior to the ordering process. This is to ensure that the pricing of any RRPT are not detrimental to the Group;
- (ix) in accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the RRPT entered into during the financial year based on amongst others, the following information:
 - (a) the type of the RRPT; and
 - (b) the names of the Related Parties involved in each type of RRPT made and their relationship with the Company;

will be made in the Company's annual report for the financial year during which the Shareholders' Mandate are in force;

- (x) if a member of the Board or AC has an interest (directly or indirectly) in any RRPT, he/she must declare his/her interest in the RRPT and abstain from participation in the decision making of the Board or AC on the said RRPT;
- (xi) pursuant to Rule 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Renewal of Shareholders' Mandate, the interested Director, Major Shareholders or Persons Connected with them must not vote on the resolution in respect of the RRPT; and where it involves the interest of an interested person connected with a Director or Major Shareholders, such Director or Major Shareholders must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with them will abstain from voting on the resolution approving the RRPT; and
- (xii) interested Director shall also abstain from deliberating at Board meetings in respect of the RRPT in which they or Persons Connected with them are interested.

3.2 Deviation between Actual Value Transacted and Estimated Value for the General Mandate

The actual value of the RRPT that were transacted from the date on which the existing mandate was obtained at the last 23rd AGM of the Company i.e. 22 June 2020, up to LPD did not exceed the estimated value by 10% or more.

3.3 Statement by Audit Committee ("AC")

The AC has reviewed the procedures of the Proposed Renewal of Shareholders' Mandate set out in Section 3.1 of this Circular and is of the view that the procedures are sufficient to ensure that the RRPT are made on an arms' length basis on the Group's normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The AC is of the further view that the Straits Group has in place adequate procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner. The AC shall review these procedures and processes on a yearly basis or whenever the need arises.

4. RATIONALE FOR AND BENEFIT TO STRAITS GROUP IN TRANSACTING WITH RELATED PARTY

The Proposed Renewal of Shareholders' Mandate sought are all in the ordinary course of business. It is envisaged that in the ordinary course of business of the Straits Group, the RRPT are likely to occur with some degree of frequency and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT as and when such RRPTs occur.

The Related Parties which are involved in the Recurrent Transactions have proven their reliability. In some instances, the Related Parties provide the Group the support for its operational and business needs. The Related Parties allow the Group more flexible arrangement in a timely manner. In most dealings with the Related Parties, close cooperation and a good understanding of each other's business needs provides a platform where decisions can be quickly made and all parties can benefit from conducting the RRPT.

The RRPT is necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) to seek prior approval of shareholders for such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, improve administration efficiency and allow manpower resources and time to be channelled towards attaining other corporate objectives.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets per share, earning per share and gearing of the Group.

6. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the Shareholders' approval at the forthcoming AGM to be held on 24 June 2021.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

7.1 Save as disclosed below, none of the Directors, Major Shareholders and/or Persons Connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

["Interested Directors"]

- (i) Dato' Sri Ho Kam Choy
- (ii) YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud
- (iii) Tan Sri Mohd Bakri Bin Mohd Zinin
- (iv) Captain Tony Tan Han (Chen Han)
- (v) Harison Binti Yusoff
- (vi) Ho Hung Ming (Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin)

["Interested Major Shareholders"]

- (i) Dato' Sri Ho Kam Choy

The Interested Directors and Interested Major Shareholder will abstain from voting in respect of their direct and indirect shareholdings in the Company at the forthcoming AGM approving the resolution on the Proposed Renewal of Shareholders' Mandate. They have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the said Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The Interested Directors, have abstained and will continue to abstain from deliberation and voting at the Board Meeting of Straits on the Proposed Renewal of Shareholders' Mandate and they will abstain from voting in respect of their direct and indirect shareholdings at the forthcoming AGM approving the resolution on the Proposed Renewal of Shareholders' Mandate. They have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

7.2 The following table illustrates the direct and indirect interests of the interested Major Shareholders and the interested Directors of Straits as at LPD:-

No	Name of Interested Directors & Major Shareholders	Direct		Indirect	
		No of Shares	%	No of Shares	%
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud	-	-	-	-
2.	Dato Sri Ho Kam Choy	59,111,400	7.57	58,501,800	7.53
3.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
4.	Captain Tony Tan Han (Chen Han)	36,790,438	4.71	-	-
5.	Harison Binti Yusoff	-	-	**12,400	0.000%
6.	Ho Hung Ming (Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin)	-	-	-	-

Note:

- *Deemed Interest by virtue of his indirect shareholdings in Sturgeon Asia Ltd and through his brothers' direct shareholdings in the Company.
- ** Deemed interest by virtue of her spouse's direct shareholdings in Straits

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, with the exception of Interested Directors, who shall abstain from expressing an opinion in relation to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM, after having considered the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Straits Group. Accordingly, the Board with the exception of the Interested Directors who have abstained from expressing any recommendations in relation to the Proposed Renewal of Shareholders' Mandate, recommend that shareholders vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

9. AGM

The Company's forthcoming AGM, the notice of which is enclosed in the Annual Report 2020, will be held on **24 June 2021 at 9.30 a.m.** through live streaming from the Broadcast Venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur for the purpose of considering and if thought fit, passing the resolution, with or without modifications, to give effect to the Proposed Renewal of Shareholders' Mandate.

Shareholders are to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM via the remote participation and voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at <https://tiih.online>.

The Proxy Form should be completed and returned in accordance with the instructions therein and should be lodged at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan OR the Customer Service Centre at Unit G-3, Ground Floor, Vertical podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> or email to is.enquiry@my.tricorglobal.com not less than 48 hours before the time holding the AGM.

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

10. FURTHER INFORMATION

You are requested to refer to the attached Appendix II for further information.

Yours faithfully,

For and on behalf of the Board

STRAITS INTER LOGISTICS BERHAD

LEONG FOOK HENG

Chairman, Audit Committee

Independent & Non-Executive Director

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3. DETAILS OF THE RELATED PARTIES AND NATURE OF RRPT

The details of the Related Parties and Nature of the RRPT under the Proposed Renewal of Existing Shareholders' Mandate together with the transaction values are as follows:

No	Nature of RRPT		Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 24 June 2021 to the next AGM (RM)
						Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 22 June 2020 (RM)	Actual Value transacted from the date of the last AGM on 22 June 2020 to LDP (RM)	
1.	Provision of management services which include providing finance & accounting support, human resource, internal audit and corporate finance support	a)	Straits	SBSB	<ul style="list-style-type: none"> Dato' Sri Ho Kam Choy, Capt Tony Tan Han (Chen Han) and Harison Binti Yusoff are Directors in Straits and SBSB. Puan Harison is also Major Shareholder of SBSB. 	380,000	NIL	380,000
		b)	Straits	SMS	<ul style="list-style-type: none"> Capt Tony Tan Han (Chen Han) is a Director and Indirect Major Shareholder of SMS. He is also the Director in Straits. 	190,000	NIL	580,000
Sub-Total						570,000	NIL	960,000

No	Transaction		Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 24 June 2021 to the next AGM (RM)
						Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 22 June 2020 (RM)	Actual Value transacted from the date of the last AGM on 22 June 2020 to LDP (RM)	
2.	Provision of Ship & Marine Management Services which includes:- (i) Scheduling vessel for their dry-docking, repair & maintenance work. (ii) Application, monitoring and renewal of vessel permit and licenses. (iii) Recruitment and managing crew on board (iv) Sourcing for vessel parts and equipment.	a)	SMS	TMD	<ul style="list-style-type: none"> Capt Tony Tan Han (Chen Han) is a Director and Indirect Major Shareholder of SMS. He is also the Director in Straits. 	34,480,000	3,141,436	11,000,000

No	Transaction		Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 24 June 2021 to the next AGM (RM)
						Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 22 June 2020 (RM)	Actual Value transacted from the date of the last AGM on 22 June 2020 to LDP (RM)	
		b)	SMS	SMF	<ul style="list-style-type: none"> Capt Tony Tan Han (Chen Han) is a Director and Indirect Major Shareholder of SMS 	9,640,000	NIL	4,000,000
		c)	SMS	TMD Straits Ltd		80,000	NIL	96,000
		d)	SMS	TMD Sturgeon Ltd		70,000	NIL	84,000
		e)	SMS	TMD Subsidiaries		480,000	NIL	552,000
		f)	SMS	SMF Begonia Ltd		140,000	Nil	156,000
		g)	SMS	SMF Ixora Ltd		150,000	NIL	168,000
		h)	SMS	SMF Beluga Ltd		3,000,000	NIL	108,000
		i)	SMS	SMF Omura Ltd		2,000,000	NIL	132,000
						Sub-Total	50,040,000	3,141,436

No	Transaction		Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 24 June 2021 to the next AGM (RM)
						Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 22 June 2020 (RM)	Actual Value transacted from the date of the last AGM on 22 June 2020 to LDP (RM)	
3.	Provision of Forwarding Services which includes the following:- (i) Clearing vessels for movement in and out of the port. (ii) Pilotage Services. (iii) Provision of ship supplies.	a)	SML	TMD	<ul style="list-style-type: none"> Tan Sri Mohd Bakri Bin Mohd Zinin is a Director and Sole Shareholder of SML and also a Director in Straits. 	10,400,000	731,862	8,000,000
Sub Total						10,400,000	731,862	8,000,000
4	Provision of Security Services which includes body guards services to Directors	a)	Black Hummer	TMD	<ul style="list-style-type: none"> Tan Sri Mohd Bakri Bin Mohd Zinin is a Director and a Major Shareholder of Black Hummer. He is also a Director in TMD. 	120,000	69,407	200,000
Sub Total						120,000	69,407	200,000
TOTAL						61,130,000	3,942,705	25,456,000

NOTE:

- The above estimated values are based on management's best estimation of the value of the RRPT. These estimations were arrived at by management after taking into consideration both historical data and prevailing rates/prices obtained from the Related Party, which are market-competitive prices based on the normal level of transactions entered into by Straits Group, and hence, the actual values may differ.
- The frequency of payment for the proposed transactions to be incurred stated above will be made on monthly basis.
- The aggregated actual value of the RRPT did not exceed by 10% or more of the aggregated estimated value as approved under the previous shareholders' mandate granted to the Company at the 23rd AGM held on 22 June 2020.

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information in this Circular which is false or misleading or any fact, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL LITIGATION / ARBITRATION

As at the LPD, save for the following material litigations, neither the Company nor any of its subsidiaries are engaged in any material litigation, claims, or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of the Group:-

- (i) Arbitration between ING Bank N.V ("**ING**" or "**First Claimant**"), O.W. Bunker Far East (Singapore) Pte Ltd ("**OWBFE**" or "**Second Claimant**"), collectively referred to as the "**Claimants**") and Tumpuan Megah Development Sdn Bhd ("**TMD**" or "**Respondent**").

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("**OWBAS**"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("**OSA**") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company.

On 14 April 2021, TMD received a sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgement and this represents an attempt by the Claimants to enforce an English Judgement for USD937,353 with interest and cost of which TMD has disputed jurisdiction.

Accordingly, TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction and TMD's solicitors had on 27 April 2021 filed an application to the High Court of Malaya, Kuala Lumpur to set aside the earlier mentioned sealed Order and undated Notice of Registration of Foreign Judgement.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business), that have been entered into by the Group within the past two (2) years immediately preceding the LPD of this Circular:-

- (i) Subscription Agreement dated 31 January 2020 entered into between Straits Port Management Sdn Bhd ("SPM"), a wholly-owned subsidiary of Straits, Megah Port Management Sdn Bhd ("MPM") and LPM Holdings Sdn. Bhd ("LPM") for subscription of up to 5,100,000 ordinary shares at RM 1.00 each for cash consideration in MPM to jointly undertake Port Management Services.
- (ii) Shareholders Agreement dated 25 February 2020 between SPM, LPM and MPM to regulate the relationship among the shareholders of MPM.
- (iii) Operation and Facility Management Agreement dated 3 March 2020 entered into between Straits and Labuan Port Authority ("LPA") pertaining to the Port Management Services in Labuan Port.
- (iv) The land lease agreement ("LLA") dated 10 March 2020 entered into between Straits and LPA, whereby LPA has sub-leased and Straits has accepted the sub-lease of the land held under Lot 7079 Bandar Labuan, Wilayah Persekutuan Labuan measuring approximately 20.04 hectares (or approximately 49.52 acres) for a period of 6 years commencing from 1 April 2020 and expiring on 31 March 2026 at a monthly rent of RM100,000.00 and subject to the terms and conditions of the LLA.
- (v) A novation agreement dated 10 March 2020 entered into between Straits with MPM and LPA, whereby, with the consent and agreement of LPA, Straits has novated its rights, title, benefits, interests, covenants, undertakings, duties, liabilities and obligations under the Principal Agreements to MPM, subject to the terms and conditions of the Novation Agreement.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at No.149A, 149B, 151B, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor, during normal business hours (except public holidays) from the date of this Circular up to the date of the AGM:-

- i) The Constitution.
- ii) Audited consolidated financial statements for the past two (2) financial years ended 31 December 2019 and 2020.
- iii) the material contracts referred to in paragraph 3 above.
- iv) the relevant cause papers in respect of material litigation referred to in paragraph 2 above.

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