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TADMAX RESOURCES BERHAD

(Company No. 8184-W)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO THE SHAREHOLDERS IN RELATION TO:

- (I) PROPOSED PRIVATE PLACEMENT;**
- (II) PROPOSED DIRECTORS CAPITALISATION;**
- (III) PROPOSED VENDORS CAPITALISATION;**
- (IV) PROPOSED DIVERSIFICATION;**
- (V) PROPOSED VARIATION TO THE TERMS OF THE ESOS;**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser and Placement Agent

kenanga

Kenanga Investment Bank Berhad

Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("EGM") together with the Proxy Form for the EGM are enclosed with this Circular. The EGM will be held as follows:

Day, Date and time of the EGM : **Friday, 23 February 2018 at 10.30 a.m.**, or at any adjournment thereof

Venue of the EGM : Room KL 1, KL Seafood Market, Restoran 1, Aras 5, Ruang Letak Kereta Bertingkat, Seksyen 59, Jalan Cenderawasih, Taman Tasik Perdana, 50480 Kuala Lumpur

If you are entitled to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf, subject to the Constitution of Tadmax Resources Berhad. If you decide to do so, you must lodge the completed Proxy Form at the Registered Office of the Company at Tadmax Resources Berhad, No. 2D, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan by 10.30 a.m. on 21 February 2018, which is not less than 48 hours before the date and time of the EGM as indicated above. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

This Circular is dated 5 February 2018

DEFINITION

The following definitions shall apply throughout this Circular, unless the context requires otherwise:

Act	:	Companies Act, 2016 (Act 777), as amended from time to time including any re-enactment thereof
Board	:	Board of Directors of Tadmax
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CCPP	:	Combined cycle gas-fired power plant
Circular	:	This circular to the shareholders of Tadmax in relation to the Proposals dated 5 February 2018.
CLoA	:	Conditional Letter of Award dated 2 August 2017 issued by the EC
COD	:	Commercial Operation Date
DAA	:	Datuk Aldillan bin Anuar
Directors Settlement Agreements	:	The respective settlement agreements dated 23 November 2017 entered between the Company, DSAA and DGSL
DSAA	:	Datuk Seri Anuar bin Adam
DGSL	:	Datuk Gan Seong Liam
EC	:	Energy Commission of Malaysia
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
ESOS	:	The existing employees' share option scheme of the Company
FPE	:	Financial period ended
FYE	:	Financial year ended
Ganggarak Project	:	Tadmax Group's property development project in Ganggarak Permai, Federal Territory of Labuan
GPWA	:	Gas Pipeline Works Agreement
GSA	:	Gas Supply Agreement
GSSB	:	Global Showcase Sdn Bhd (1162761-W)
IASB	:	Inas Angkasa Sdn Bhd (1024309-H)
IJSB	:	Impiria Jaya Sdn Bhd (1066814-D)
IPP	:	Independent power producer
Indicative Issue Price	:	RM0.33 per Placement Share

DEFINITION (cont'd)

Interested Person(s)	:	A director, major shareholder or chief executive of Tadmax or a holding company of Tadmax
Joint Development Agreement	:	A joint development agreement between the Company and KEPCO dated 10 November 2017
Kenanga IB	:	Kenanga Investment Bank Berhad (15678-H), being the Adviser and Placement Agent for the Proposals
KEPCO	:	Korea Electric Power Corporation (1208200052)
Lenders	:	DSAA and DGSL, collectively
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LTSA	:	Long Term Service Agreement
LNTP	:	Limited Notice to Proceed
LPD	:	29 January 2018, being the latest practicable date prior to the issuance of this Circular
LTD	:	22 November 2017, being the last full trading day prior to the announcement of the Proposals.
MW	:	Megawatt
NA	:	Net assets
OEM	:	Original Equipment Manufacturer
O&M	:	Operations & Maintenance
Placement Shares	:	Issuance of up to 107,631,100 new Tadmax Shares pursuant to the Proposed Private Placement
Proposals	:	Proposed Private Placement, Proposed Directors Capitalisation, Proposed Vendors Capitalisation, Proposed Diversification and Proposed Variation to the terms of the ESOS, collectively
PPA	:	Power Purchase Agreement
Proposed Private Placement	:	Proposed private placement of up to 20% of the Company's total number of issued shares (excluding treasury shares) to independent third party investors to be identified at a later date
Proposed Directors Capitalisation	:	Proposed settlement of amount owing to certain Directors of Tadmax, namely DSAA and DGSL via the issuance of the Settlement Shares
Proposed Diversification	:	Proposed diversification of the business of the Group to include production and sale of energy
Proposed Variation to the terms of the ESOS	:	Proposed variation(s) to the terms of the ESOS pursuant to the enforcement of the Act.

DEFINITION (*cont'd*)

Proposed Vendors Capitalisation	:	Proposed settlement of amount owing to the Vendors pursuant to the purchase of 45% equity interest in WMB not already owned by the Company, via the issuance of the Settlement Shares
Rights Issue with Warrants	:	Issuance of Rights Shares together with Warrants on the basis of two (2) Rights Shares for every five (5) Tadmax Shares held together with seven (7) Warrants for every four (4) Rights Shares subscribed on an entitlement date and at an issue price to be determined later
Rights Shares	:	Up to 219,341,357 new Tadmax Shares pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
Settlement Shares	:	New 137,499,998 Tadmax Shares to be issued pursuant to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation at an issue price of RM0.36 each
Tadmax or Company	:	Tadmax Resources Berhad (8184-W)
Tadmax Group or Group	:	Tadmax and its subsidiaries, collectively
Tadmax Shares	:	Ordinary shares of Tadmax
TNB	:	Tenaga Nasional Berhad (200866-W)
Treasury Shares	:	474,300 Tadmax Shares held as treasury shares
TWA	:	Transmission Works Agreement
Vendors	:	GSSB, IASB and IJSB, collectively
Vendors Settlement Agreement	:	The settlement agreement dated 23 November 2017 entered between the Company, IASB, IJSB and GSSB
VWAP	:	Volume weighted average market price
Warrants	:	Up to 383,847,374 free detachable warrants pursuant to the Rights Issue with Warrants
WMB	:	Wawasan Metro Bina Sdn Bhd (1065160-U)

All references to “**our Company**” in this Circular mean Tadmax, and references to “**our Group**” mean to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” mean our Company, or where the context requires, shall include our subsidiaries.

All references to “**you**” in this Circular are to shareholders of Tadmax.

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to any legislation or guideline in this Circular is a reference to that legislation or guideline as for the time being amended or re-enacted. Any reference to a time of day in this Circular is a reference to Malaysian time.

TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS OF TADMAX CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE FOR THE PROPOSALS	32
4. INDUSTRY OVERVIEW AND FUTURE PROSPECTS	34
5. RISK FACTORS OF THE PROPOSED DIVERSIFICATION	39
6. EFFECTS OF THE PROPOSALS	43
7. HISTORICAL SHARE PRICES	47
8. APPROVALS REQUIRED	48
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	48
10. DIRECTORS' RECOMMENDATION	49
11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	49
12. ESTIMATED TIME FRAME FOR COMPLETION	50
13. EGM	50
14. FURTHER INFORMATION	50
APPENDIX	
I FURTHER INFORMATION	51
NOTICE OF EGM	ENCLOSED
PROXY FORM	ENCLOSED



TADMAX RESOURCES BERHAD

(Company No. 8184-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

No. 2D, Jalan SS 6/6,
Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

5 February 2018

Board of Directors

Tan Sri Datuk Dr Abdul Samad bin Haji Alias (*Chairman, Independent Non-Executive Director*)

Datuk Seri Anuar bin Adam (*Managing Director*)

Datuk Aldillan bin Anuar (*Deputy Managing Director*)

Dato' Che Abdullah @ Rashidi bin Che Omar (*Executive Director*)

Datuk Noel John A/L M Subramaniam (*Executive Director*)

Dato' Samsudin bin Abu Hassan (*Independent Non-Executive Director*)

Dato' Sri Sharifuddin bin Ab Ghani (*Independent Non-Executive Director*)

Tan Peng Koon (*Independent Non-Executive Director*)

Derek John Fernandez (*Independent Non-Executive Director*)

To: The shareholders of Tadmax

Dear Sir/Madam,

- I. **PROPOSED PRIVATE PLACEMENT;**
- II. **PROPOSED DIRECTORS CAPITALISATION;**
- III. **PROPOSED VENDORS CAPITALISATION;**
- IV. **PROPOSED DIVERSIFICATION; AND**
- V. **PROPOSED VARIATION TO THE TERMS OF THE ESOS**

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On 23 November 2017, Kenanga IB had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 14 December 2017, Kenanga IB had, on behalf of the Board, announced that the listing application in relation to the Proposals has been submitted to Bursa Securities.

On 29 January 2018, Kenanga IB had, on behalf of the Board, announced that Bursa Securities *vide* its letter dated 26 January 2018, had approved the listing of and quotation for the following:

- (i) up to 107,631,100 new Tadmax Shares to be issued pursuant to the Proposed Private Placement;
- (ii) 47,222,221 new Tadmax Shares to be issued pursuant to the Proposed Directors Capitalisation; and
- (iii) 90,277,777 new Tadmax Shares to be issued pursuant to the Proposed Vendors Capitalisation.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RELEVANT RESOLUTIONS PERTAINING TO THE PROPOSALS THAT WILL BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN, BEFORE VOTING ON THE RESOLUTIONS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Private Placement

On 15 November 2016, Tadmax had announced that the Company would undertake a private placement of up to 10% of the then Company's total number of issued shares (excluding treasury shares) in accordance with the general mandate under Section 75 of the Companies Act, which was obtained from the shareholders of the Company at its 47th Annual General Meeting convened on 24 May 2016 ("**General Mandate Placement**").

On 29 May 2017, Tadmax had announced that the General Mandate Placement has been completed following the listing of and quotation for 48,923,200 Tadmax Shares on the Main Market of Bursa Securities.

As at 22 November 2017, being the LTD, the Company has:

- (i) an issued share capital of RM264,912,059 comprising 538,630,294 Tadmax Shares (including Treasury Shares) and excluding transfer of amounts standing to the credit of the share premium account amounting to RM1,193,570;
- (ii) 474,300 Treasury Shares with a total cost of RM154,720; and
- (iii) 8,796,000 outstanding ESOS options that have been granted to and accepted by the eligible employees of the Group and Directors of the Company with an exercise price of RM0.50 per ESOS Option.

The ESOS committee appointed by the Board (pursuant to the rules, terms and conditions of the ESOS in accordance to the By-Laws to administer the scheme) confirms that the Company has no intention to grant any options under the ESOS to any eligible employees of the Group and the Directors of the Company prior to the implementation of the Proposals.

Assuming none of the 8,796,000 outstanding ESOS options are exercised as the outstanding ESOS are deep-out-of-money and all 474,300 Treasury Shares remain held by the Company prior to the implementation of the Proposals, the Company proposes to undertake a private placement of up to 107,631,100 Placement Shares, representing approximately 20% of the Company's total number of issued shares of 538,155,994 Tadmax Shares.

2.1.1 Basis of arriving at the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares, where applicable, shall be determined separately and fixed by the Board and announced at a later date after obtaining the relevant approvals for the Proposals (“**Price-Fixing Date(s)**”) and will be based on a discount of not more than 10% to the VWAP of Tadmax Shares for the five (5) market days immediately before the Price-Fixing Date(s).

The final issue price for each tranche of the Placement Shares shall be determined separately in accordance with market-based principles as mentioned above.

2.1.2 Placement arrangement

The Placement Shares will be placed out to independent third party investor(s) to be identified at a later date and who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007.

In addition, the Placement Shares will not be placed out to the following parties:

- (i) a director, major shareholder or chief executive of Tadmax or a holding company of Tadmax (“**Interested Person**”);
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in one or more tranches within a period of six (6) months from the date of the approval from Bursa Securities for the Proposed Private Placement or any extended period as maybe approved by Bursa Securities, subject to the prevailing market conditions.

The implementation of the Proposed Private Placement in tranches will provide the Company with the flexibility to optimise the issue price of the Placement Shares in the interest of Tadmax Group.

2.1.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issue, rank equally in all respects with the then existing Tadmax Shares. However, the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and other distributions, when the entitlement date is before the allotment date of the Placement Shares.

2.1.4 Listing of and quotation for the Placement Shares

Bursa Securities had *vide* its letter dated 26 January 2018, approved the listing of and quotation for up to 107,631,100 Placement Shares on the Main Market of Bursa Securities.

2.1.5 Use of proceeds

The quantum of proceeds to be raised from the Proposed Private Placement is dependent on the actual issue price and the final number of the Placement Shares issued.

For illustration purpose, the Company has assumed an Indicative Issue Price of RM0.33 per Placement Share, which represents a discount of approximately 7.54% to the five (5) days VWAP of Tadmax Shares up to and including the LTD of RM0.3569 per Tadmax Share, upon the announcement of the Proposed Private Placement. However, the illustrative Indicative Issue Price represents a premium of approximately 1.91% over the five (5) days VWAP of Tadmax Shares up to and including the LPD of RM0.3238 per Tadmax Share.

Based on the Indicative Issue Price, the Proposed Private Placement is expected to raise gross proceeds of up to RM35.52 million and is expected to be utilised in the following manner:

Proposed use of proceeds	Expected timeframe for utilisation from the listing of the Placement Shares	RM'000
Power plant project ⁽¹⁾	Within 12 months	18,000
Property development ⁽²⁾	Within 12 months	12,500
Working capital ⁽³⁾	Within 12 months	4,518
Defrayment of expenses related to the Proposals ⁽⁴⁾	Within 1 month	500
Total		35,518

Notes:

- (1) The Group has earmarked RM18.0 million of the proceeds from the Proposed Private Placement for the Group's Power Plant Project (as defined in Section 2.3 below), breakdown of which is as follows:

	Purpose	Description	RM'000
(a)	Preparation of technical and commercial reports	Consultancy works in the establishment of the Power Plant Project with the preparation of reports such as minimum functional specification, construction and commissioning proposal, operation and maintenance review and overall project bid proposal	3,000
(b)	Funding for legal advisory work	Advising and preparation of the relevant agreements relating to the commissioning of the Power Plant Project, which includes amongst others power purchase agreement, fuel supply agreement, construction contracts, land matters and other contracts.	2,500
(c)	Financial advisory and due diligence for financing of Power Plant Project	Advising on fund raising/bond issuance for financing of the Power Plant Project	1,000
(d)	Consultancy works for water pipeline and transmission works	Consultancy works for the establishment of water pipeline and transmission of the Power Plant Project	2,500
(e)	Working capital	Salary, other overheads and administrative expenses	4,000
(g)	Payment of land premium	Conversion premium on the change of category of land use to 'Industry'.	5,000
	TOTAL		18,000

The Company had, on 29 May 2017 completed the General Mandate Placement and raised a total of RM20.06 million for the following purposes:

- (a) RM12.50 million was initially allocated for Power Plant Project;
- (b) RM7.26 million was initially allocated for the Group's property development segment; and
- (c) The remaining RM0.3 million for defrayment of expenses related to the General Mandate Placement.

However, the Company had on 23 November 2017, announced in the 3rd quarter results that the Company had subsequently allocated an additional RM4.50 million of the proceeds that was initially earmarked for the Group's property development project to the Power Plant Project in view of the advance stage of development of the Power Plant Project which necessitates a higher allocation of funds.

As at the LPD, the Company had utilised RM16.62 million or 97.75% of the total proceeds earmarked for the Power Plant Project of RM17.0 million (after reallocation of proceeds to the Group's Power Plant Project under the General Mandate Placement).

Please refer to Section 2.3 below for further information of the Power Plant Project.

- (2) The Group has earmarked RM12.5 million of the proceeds from the Proposed Private Placement for the partial financing of the development cost of the Ganggarak Project. Details of the Ganggarak Project are as follows:

Project description	: An on-going mixed development project, comprising affordable residential units and commercial units on a plot of land owned by the Group, measuring 16.82 hectares over 4 phases. In view of the soft property market condition, the Group has made some revision in its development plan. The latest plan is to allocate 79.3% of the land for development of 780 units affordable apartments, 195 units of terrace houses and 22 units of shoplots over Phases 1,2 and 3. The remaining 20.7% of the land is earmarked for commercial development under Phase 4, but in view of the weak market condition, this phase is now deferred indefinitely
Estimated Gross Development Value	: Total gross development value for phases 1, 2 and 3 totals RM208.3 million, of which, RM87.4 million, RM50.0 million and RM70.9 million are attributable to Phase 1 and 2A of the Ganggarak Project, respectively. The gross development value for phase 4 is not determined for the time being, in view of the development being deferred indefinitely.
Status as at the LPD	: The Group has launched and fully sold Phase 1 and 2A of the Ganggarak Project, comprising 520 units and 260 units of apartments respectively. Phase 3 comprises 195 units of terrace houses and 22 units of shoplots are targeted to be launched in 1 st half of 2018.
Stage of completion as at the LPD	: 81% and 49% for the development of Phase 1 and 2A of the Ganggarak Project, respectively. Construction works for Phase 3 yet to commence.
Expected completion date	: The development of Phase 1 and 2A of the Ganggarak Project are expected to be completed in 2018 and 2019, respectively.

The aggregated gross development cost for phase 1 and 2A of the Ganggarak Project is estimated at RM163.4 million, which consist of inter-alia the building construction cost, infrastructures and common facilities, land cost, project administration cost, mobilisation cost and financing cost.

The said development cost is expected to be funded by a combination of proceeds arising from the Proposed Private Placement, internally generated funds, bank borrowings and sales of the development units.

The gross development cost for phase 3 is estimated at RM55.4 million which consist of building construction, infrastructures, consultants cost, authority contribution and sales marketing cost. This construction cost is expected to be funded by sales of phase 3 and bridging loan.

As at the LPD, the Company had utilised RM1.65 million or approximately 59.83% of the proceeds earmarked for the Ganggarak Project of RM2.76 million (after reallocation of proceeds to the Group's Power Plant Project under the General Mandate Placement) to part finance construction cost of Phase 1 and 2A of the Ganggarak Project.

- (3) The Group has earmarked approximately RM4.52 million of the proceeds from the Proposed Private Placement for the Group's day-to-day operations, which include, but not limited to, statutory expenses and general expenses such as utilities charges, staff related expenses and other operating expenses. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore has not been determined at this juncture.*
- (4) The estimated expenses related to the Proposals consist of fees payable to the relevant authority, advisory fees, and other ancillary expenses related to the Proposals.*

Any difference between the illustrated proceeds above and the actual proceeds raised from the Proposed Private Placement as well as expenses relating to the Proposals shall be adjusted to the allocation for the Power Plant Project or the property development. Pending utilisation of the proceeds raised from the Proposed Private Placement, the proceeds will be placed with reputable financial institutions or in short term money market instruments.

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2.2 Proposed capitalisation of amount owing to Directors and the Vendors

2.2.1 Proposed Directors Capitalisation

2.2.1.1 Details of the Proposed Directors Capitalisation

The Company had, on 23 November 2017 entered into the Directors Settlement Agreements with the following Lenders:

- (i) DSAA, the Managing Director of the Company, to partially settle the debt owing by Tadmax of RM11 million to him via the issuance of 30,555,555 Settlement Shares; and
- (ii) DGSL, a former Executive Director of the Company, to fully settle the total debt owing by Tadmax of RM6 million to him via the issuance of 16,666,666 Settlement Shares.

For the avoidance of doubt, the Directors Settlement Agreements are not inter-conditional upon each other.

The Proposed Directors Capitalisation was mutually agreed on a "willing buyer-willing seller" basis after taking into consideration the duration of the debts owing to the Lenders as explained below. Subject to the terms and conditions of the Directors Settlement Agreement, the Proposed Directors Capitalisation shall be carried out within six (6) months from the date of the Directors Settlement Agreement, or at a later date as the Lenders may mutually agree in writing.

The Proposed Directors Capitalisation is undertaken to reduce the Group's liability without incurring any cash outflow.

Details of the amount owing by the Company to the Lenders and the number of Settlement Shares to be issued and allotted to DSAA and DGSL pursuant to the Proposed Directors Capitalisation are as follows:

Director	Amount as at 31 December 2016 ⁽²⁾ (Audited) (RM)	Amount as at the LPD ⁽²⁾ (Unaudited) (RM)	Settlement Amount (RM)	No. of Settlement Shares to be issued ⁽⁴⁾	Remaining outstanding amount (RM)
DSAA ⁽¹⁾	1,792,499.33	15,234,490.50	(11,000,000.00)	30,555,555	4,234,490.50 ⁽⁵⁾
DGSL ⁽¹⁾	1,000,000.00 ⁽³⁾	6,000,000.00 ⁽³⁾	(6,000,000.00)	16,666,666	nil
TOTAL	2,792,499.33	21,234,490.50	17,000,000.00	47,222,221 ⁽⁶⁾	4,234,490.50

Notes:

- (1) Details of the amount owing by the Company to the Lenders are as follow:

Lenders	Period	Purpose
DSAA	From February 2015 up to the LPD	The amount owing of RM15.23 million to DSAA consists of the following: (i) RM3.86 million to part finance the Group's working capital; (ii) RM6.64 million for part settlement of borrowings together with relevant financing cost;

Lenders	Period	Purpose
		<p>(iii) RM1.55 million to part finance the residential development project undertaken by WMB, details of which are set out in Section 2.2.2.2 below;</p> <p>(iv) RM1.50 million for part payment of the purchase consideration in respect of the acquisition of the remaining 45% equity interest in WMB by Tadmax in favour of GSSB.;</p> <p>(v) RM1.38 million to part finance the on-going Power Plant Project; and</p> <p>(vi) RM0.30 million to part finance the on-going construction and development of the Ganggarak Project.</p>
DGSL	From November 2016 up to the LPD	<p>The amount owing of RM6.00 million to DGSL consists of the following:</p> <p>(i) RM2.00 million for part payment of the purchase consideration in respect of the acquisition of the remaining 45% equity interest in WMB by Tadmax in favour of IASB;</p> <p>(ii) RM1.80 million to part finance the on-going Power Plant Project;</p> <p>(iii) RM1.70 million to part finance the residential development project undertaken by WMB, including RM1.00 million initially owed by WMB to DGSL for the part payment of the land cost. Further details of WMB are set out in Section 2.2.2.2 below; and</p> <p>(iv) RM0.50 million to part finance the setting up new batching plant of the Group.</p>

The Board, after taking into account the various methods to raise funds for the above purposes, was of the opinion that the obtainment of advances from DSAA and DGSL was an appropriate option to raise the required funds for the following reasons:

- (i) there is no fixed schedule to service interest and/or principal for the advances from the Lenders as compared to bank borrowings, thereby enabling our Group to have better control and flexibility over its cash flow;
 - (ii) there is no interest and no fixed repayment to service the advances from the Lenders;
 - (iii) no collateral is required for advances from the Lenders as opposed to bank borrowings; and
 - (iv) the Group's immediate funding requirements could be addressed in a timely manner via advances from the Lenders to avoid loss of business opportunities as opposed to debt financing and/or equity fund raising which require longer processing time.
- (2) The amount owing to Lenders are unsecured, interest free and have no fixed term of repayment.
 - (3) The Acquisition of WMB was completed during the FYE 31 December 2016. As at 31 December 2016, the amount owing to DGSL by WMB was RM1.00 million. On 6 November 2017, the Company has resolved to assume the amount owing to DGSL of RM1.00 million from WMB.
 - (4) The number of Settlement Shares to be issued was derived based on the amount to be settled at the issue price of RM0.36 per Tadmax Share in accordance to the Directors Settlement Agreements.
 - (5) The remaining outstanding amount owing to DSAA after the completion of the Proposed Directors Capitalisation of approximately RM4.23 million will be repaid at a later date to be determined by the Board, after taking into consideration the cash requirements of the Group.

- (6) The 47,222,221 Settlement Shares to be issued to the Lenders pursuant to the Proposed Directors Capitalisation have been revised downward from the previously announced 47,222,223 Settlement Shares to ensure the value of the Settlement Shares to be issued pursuant to the Proposed Directors Capitalisation does not exceed the aggregated amount owed to the Lenders of RM17.00 million.

Based on the table above, a total of 47,222,221 Settlement Shares will be issued pursuant to the Proposed Directors Capitalisation, representing approximately 8.77% of the Company's existing total number of issued shares of 538,155,994 Tadmax Shares (excluding the 474,300 Treasury Shares).

2.2.1.2 Salient terms of the Directors Settlement Agreements

The salient terms of Directors Settlement Agreements include, inter alia, the following:

1.	Indebtedness	The Company acknowledges that as at the LTD, the Company is indebted to DSAA and DGSL in the sum of RM11,854,490.52 ⁽¹⁾ and RM6,000,000.00, respectively (" Indebtedness ").
2.	Settlement of Indebtedness	(i) The Company has agreed to offer and DSAA has agreed to accept a partial repayment of the indebtedness in the amount of RM11,000,000 (" Partial Repayment Sum "); and (ii) The Company has agreed to offer and DGSL has agreed to accept a full repayment of the indebtedness in the amount of RM6,000,000 (" Full Repayment Sum "), (collectively to referred to as " Settlement ") via the issuance of the Settlement Shares at the Settlement Share Issue Price (as defined herein).
3.	Settlement Date	The settlement of the Partial Repayment Sum and Full Repayment Sum pursuant to the Proposed Directors Capitalisation shall be carried out on a date falling within six (6) months from the date of the Directors Settlement Agreements, or at such later date as the Lenders may mutually agree in writing (" Settlement Date ").
4.	Settlement Share Issue Price	The issue price of the Settlement Shares has been fixed at RM0.36 per Settlement Share, after taking into consideration, amongst others, the five (5)-day VWAP of Tadmax Shares immediately preceding the date of the Directors Settlement Agreements (" Settlement Share Issue Price ").
5.	Number of Settlement Shares	The number of Settlement Shares to be issued to the Lenders on or before the Settlement Date as satisfaction of the Partial Repayment Sum and Full Repayment Sum respectively shall be determined in accordance with the formula below: $\text{No of Settlement Shares} = \frac{\text{Partial or Full Repayment Sum}}{\text{Settlement Share Issue Price}}$

Note:

- (1) As at the LPD, the amount owing to DSAA is RM 15,234,490.50 as set out in Section 2.2.1.1 above.

6.	Manner of Settlement	<p>The Company has agreed to make the Settlement on or before the expiry of the Settlement Date in the following manner:</p> <ul style="list-style-type: none"> (i) The Partial Repayment Sum and Full Repayment Sum shall be satisfied entirely by way of issuance and allotment of the Settlement Shares to DSAA and DGSL, respectively; (ii) The Settlement Shares shall be issued and allotted to the Lenders on the date of the issuance of the Settlement Shares, which shall fall on the Settlement Date ("Settlement Shares Issuance Date"); (iii) The Company will or cause and procure the share registrar on or before the Settlement Shares Issuance Date: <ul style="list-style-type: none"> (a) to issue and allot the Settlement Shares to the Lenders; (b) to despatch the notices of allotment to the Lenders; and (c) to notify Bursa Depository of the name of the Lenders together with such particulars as may be required by Bursa Depository for the purpose of making appropriate entries in Lenders' Securities Account the appropriate scripts (in such denominations as may be specified by Bursa Depository) registered in the name of Bursa Depository or its nominee company. No share certificates will be issued to the Lenders; and (iv) the Settlement Shares will, upon issuance and allotment, rank <i>pari passu</i> in all respects with the existing Tadmax Shares, save and except that the Settlement Shares shall not be attached with or carry any entitlement to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for or derived during the period preceding the date of allotment and issuance of the Settlement Shares.
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7.	Conditions precedent	<p>The obligations of the Company are conditional upon the following conditions precedent being fulfilled within 3 months from the date of the Directors Settlement Agreements or such other period as the parties may mutually agree in writing:</p> <ul style="list-style-type: none"> (i) the approval of the Board for the settlement by the Company of the Partial Repayment Sum to DSAA as partial settlement of the Indebtedness and of the Full Repayment Sum to DGSL as full settlement of the Indebtedness on the terms and conditions set out in the respective Directors Settlement Agreements; (ii) the approval of the Board for the execution of the Directors Settlement Agreements and the performance of its obligations hereunder as well as the execution by the Company of any other agreement or document in connection with the settlement of the Partial Repayment Sum and Full Repayment Sum contemplated under the Directors Settlement Agreements; (iii) the receipt by the Company of all such regulatory or other approvals (if any) required for the Proposed Directors Capitalisation including but not limited to the approvals / confirmations from: <ul style="list-style-type: none"> (a) Bursa Securities, for the listing of and quotation for the Settlement Shares to be issued pursuant to the Proposed Directors Capitalisation on the Main Market of Bursa Securities; (b) the shareholders of the Company at an EGM to be convened approving the Proposed Directors Capitalisation; and (c) any other relevant authority or party, if required. <p>In the event that any of the conditions as set out in items 6 and 7 of this table are not fulfilled or waived by the Lenders at their absolute discretion on or before the expiry of the Settlement Date, the Directors Settlement Agreements shall be terminated and such termination will not affect or derogate in any way the Lenders' entitlement to all and any rights, claims and reliefs against the Company to recover the Indebtedness.</p> <p>Upon fulfilment of the conditions as set out in items 6 and 7 of this table, the Partial Repayment Sum and Full Repayment Sum shall be discharged against the Indebtedness.</p>
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8.	Default	If any party (" Defaulting Party ") commits any breach of its obligations under the respective Directors Settlement Agreements (including any warranties) and if such breach is remediable, fails to remedy such breach within fourteen (14) days from the service of any written notice by the innocent party complaining of such breach (" Event of Default ") then and in any such event, the innocent party (" Non-Defaulting Party ") shall, without prejudice to any other rights and remedies as it may have, be entitled to give notice to the Defaulting Party to terminate the Directors Settlement Agreements and the Defaulting Party shall indemnify the Non-Defaulting Party for all damages, costs, charges and expenses (including all legal costs) incurred by the Non-Defaulting Party in connection with the negotiation and preparation, breach or non-compliance with the Directors Settlement Agreements and termination or rescission of the Directors Settlement Agreements and all matters which are connected therewith.
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2.2.2 Proposed Vendors Capitalisation

2.2.2.1 Details of the Proposed Vendors Capitalisation

On 17 March 2016, Tadmax had announced that the Company has subscribed 550,000 ordinary shares of RM1.00 each in WMB, representing 55% equity interest in WMB for a total subscription price of RM550,000.

On 22 July 2016, Tadmax had announced that the Company had entered into an unconditional share sale agreement to acquire the remaining 45% equity interest in WMB not already owned by the Company from the Vendors for a total purchase consideration of RM42.00 million ("**WMB Acquisition**").

WMB was initially a 55% owned subsidiary of Tadmax with the balance held by the Vendors. WMB has become a wholly-owned subsidiary of Tadmax upon completion of the WMB Acquisition during the FYE 31 December 2016 following the payment of earnest deposit of RM3.00 million upon signing of the unconditional share sale agreement.

On 24 January 2017, the parties have entered into the 1st supplemental agreement whereby the parties have agreed to vary and amend the payment term for the remaining balance purchase consideration of RM34.0 million in following manner:

- (i) the balance first installment of RM1.50 million paid on or before 30 March 2017; and
- (ii) the remaining second to sixth installments totaling a sum of RM32.50 million to be paid in a single lump sum on or before 30 June 2017.

On 5 May 2017 and 7 July 2017, the parties have executed the 2nd and 3rd supplemental agreements respectively whereby the parties have further agreed to extend the date of the single lump sum of RM32.50 million to be paid on or before 31 July 2017 and 31 July 2018, respectively.

Based on the above, the purchase consideration in respect of the WMB Acquisition of RM42.00 million shall be satisfied in the following manner:

Milestone	RM'000	Payment details
Earnest deposit	3,000	Paid upon signing of share sale agreement in respect of the WMB Acquisition
First installment	6,500	RM5.00 million paid in December 2016 and the balance of RM1.50 million was paid in March 2017
Final installment	32,500	To be paid on or before 31 July 2018
Total	42,000	

On 23 November 2017, the Company has entered into a Vendors Settlement Agreement with the Vendors, namely IASB, IJSB and GSSB for the final settlement of the balance purchase consideration of RM32.50 million owing to the Vendors via the Settlement Shares.

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The details of the amount owing by the Company to the Vendors as at the LPD and the number of Settlement Shares to be issued and allotted to the Vendors pursuant to the Proposed Vendors Capitalisation are as follows:

Vendors	Amount (RM)	No. of Settlement Shares to be issued ⁽¹⁾
IASB	8,000,000	22,222,222
IJSB	13,000,000	36,111,111
GSSB	11,500,000	31,944,444
TOTAL	32,500,000	90,277,777

Note:

(1) The number of Settlement Shares to be issued was derived based on the amount to be settled at the issue price of RM0.36 per Tadmax Share in accordance to the Vendors Settlement Agreement.

Based on the table above, a total of 90,277,777 Settlement Shares will be issued pursuant to the Proposed Vendors Capitalisation, representing approximately 16.78% of the Company's existing total number of issued shares of 538,155,994 Tadmax Shares (excluding the 474,300 Treasury Shares).

2.2.2.2 Information on WMB

WMB was incorporated in Malaysia on 7 October 2013 as a private company limited by shares with its registered office at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan. As at the LPD, the issued share capital of WMB is RM3,000,000 comprising 3,000,000 ordinary shares, and wholly owned by Tadmax.

WMB is principally involved in property development and is currently undertaking a residential property development, consisting of 1,520 units of affordable apartments and another 1,512 units of condominium in Kepong, Wilayah Persekutuan Kuala Lumpur.

The Directors, shareholders and their respective shareholdings in WMB as at the LPD, are as follows:

	Shareholdings		
	Direct	Indirect	%
<u>Directors</u>			
Major General (R) Dato' Abdul Ghani bin Yunus	-	-	-
DGSL	-	-	-
DAA ⁽¹⁾	-	3,000,000	100.00
Almiran bin Anuar ⁽¹⁾	-	3,000,000	100.00
Pow Tuck Weng	-	-	-
Gan Kuok Chyuan (Alternate Director to DGSL)	-	-	-

	Shareholdings		
	Direct	Indirect	%
Shareholders			
Tadmax	3,000,000	-	100.00
DSAA ⁽²⁾	-	3,000,000	100.00

Notes:

(1) Deemed interested by virtue of DSAA's interest in Tadmax pursuant to the Act.

(2) Deemed interested by virtue of his direct interest in Tadmax pursuant to the Act.

2.2.2.3 Information on the Vendors

The details of the Vendors as at the LPD are summarised in the below table:

	IASB	IJSB	GSSB
Incorporation date	12 November 2012	21 October 2013	20 October 2015
Issued Share Capital	RM2.00	RM2.00	RM1,000.00
Principal activity	Investment holding	Investment holding	Investment holding
Directors	(i) Major General (R) Dato' Abdul Ghani bin Yunus (ii) Datuk Syed Azmi bin Syed Othman	(i) Fazli Amri bin Faishal (ii) Firdaus bin Faishal	(i) DGSL (ii) Gan Kuok Chyuan
Shareholders	(i) Major General (R) Dato' Abdul Ghani bin Yunus (50%) (ii) Datuk Syed Azmi bin Syed Othman (50%)	(i) Fazli Amri bin Faishal (50%) (ii) Firdaus bin Faishal (50%)	(i) DGSL (49.9%) (ii) Gan Kuok Chyuan (49.9%) (iii) Gan Kuok Ching (0.1%) (iv) Gan Kuok Wei (0.1%)

2.2.2.4 Salient terms of the Vendors Settlement Agreement

The salient terms of Vendors Settlement Agreement includes, *inter alia*, the following:

1.	Indebtedness	The Company acknowledges that as at the LTD, the Company is indebted to IASB, IJSB and GSSB in the sum of RM8,000,000, RM13,000,000 and RM11,500,000, respectively (" Indebtedness "). The total Indebtedness to the Vendors is referred to as the " Repayment Sum ".
2.	Settlement of Indebtedness	<p>(i) The Company has agreed to offer and IASB has agreed to accept a full repayment of the indebtedness in the amount of RM8,000,000 ("Repayment Sum 1");</p> <p>(ii) the Company has agreed to offer and IJSB has agreed to accept a full repayment of the indebtedness in the amount of RM13,000,000 ("Repayment Sum 2"); and</p> <p>(iii) the Company has agreed to offer and GSSB has agreed to accept a full repayment of the indebtedness in the amount of RM11,500,000 ("Repayment Sum 3"),</p> <p>(collectively to be referred to as "Settlement") via the issuance of the Settlement Shares at the Settlement Share Issue Price (as defined herein).</p>
3.	Settlement Date	The Settlement of the Repayment Sum pursuant to the Proposed Vendors Capitalisation shall be carried out on a date falling within six (6) months from the date of the Vendors Settlement Agreement, or at such later date as the Vendors may mutually agree in writing (" Settlement Date ").
4.	Settlement Share Issue Price	The issue price of the Settlement Shares has been fixed at RM0.36 per Settlement Share, after taking into consideration, amongst others, the five (5)-day VWAP of Tadmax Shares immediately preceding the date of the Vendors Settlement Agreement (" Settlement Share Issue Price ").
5.	Number of Settlement Shares	<p>The number of Settlement Shares to be issued to the Vendors on or before the Settlement Date as satisfaction of the Repayment Sum 1 and Repayment Sum 2 and Repayment Sum 3 respectively shall be determined in accordance with the formula below:</p> $\text{No of Settlement Shares} = \frac{\text{Repayment Sum 1, 2, and 3}}{\text{Settlement Share Issue Price}}$

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6.	Manner of Settlement	<p>The Company has agreed to make the Settlement on or before the expiry of the Settlement Date in the following manner:</p> <ul style="list-style-type: none"> (i) The Repayment Sum 1, Repayment Sum 2 and Repayment Sum 3 shall be satisfied entirely by way of issuance and allotment of the Settlement Shares to the Vendors, respectively; (ii) The Settlement Shares shall be issued and allotted to the Vendors on the date of the issuance of the Settlement Shares, which shall fall on the Settlement Date ("Settlement Shares Issuance Date"); (iii) The Company will or cause and procure the share registrar on or before the Settlement Shares Issuance Date: <ul style="list-style-type: none"> (a) to issue and allot the Settlement Shares to the Vendors; (b) to despatch the notices of allotment to the Vendors; and (c) to notify Bursa Depository of the name of the Vendors together with such particulars as may be required by Bursa Depository for the purpose of making appropriate entries in the respective Vendors' Securities Account the appropriate scripts (in such denominations as may be specified by Bursa Depository) registered in the name of Bursa Depository or its nominee company. No share certificates will be issued to the Vendors; and (iv) the Settlement Shares will, upon issuance and allotment, rank <i>pari passu</i> in all respects with the existing Tadmax Shares, save and except that the Settlement Shares shall not be attached with or carry any entitlement to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for or derived during the period preceding the date of allotment and issuance of the Settlement Shares.
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7.	Conditions precedent	<p>The obligations of the Company are conditional upon the following conditions precedent being fulfilled within three (3) months from the date of the Vendors Settlement Agreement or such other period as the parties may mutually agree in writing:</p> <ul style="list-style-type: none"> (i) the approval of the Board for the settlement by the Company of the Repayment Sum to the Vendors as full settlement of the Indebtedness on the terms and conditions set out in the Vendors Settlement Agreement; (ii) the approval of the Board for the execution of the Vendors Settlement Agreement and the performance of its obligations hereunder as well as the execution by the Company of any other agreement or document in connection with the settlement of the Repayment Sum contemplated under the Vendors Settlement Agreement; (iii) the receipt by the Company of all such regulatory or other approvals (if any) required for the Proposed Vendors Capitalisation including but not limited to the approvals / confirmations from: <ul style="list-style-type: none"> (a) Bursa Securities, for the listing of and quotation for the Settlement Shares to be issued pursuant to the Proposed Vendors Capitalisation on the Main Market of Bursa Securities; (b) the shareholders of the Company at an EGM to be convened approving the Proposed Vendors Capitalisation; and (c) any other relevant authority or party, if required. <p>In the event that any of the conditions as set out in items 6 and 7 of this table are not fulfilled or waived by the Vendors at their absolute discretion on or before the expiry of the Settlement Date, the Vendors Settlement Agreement shall be terminated and such termination will not affect or derogate in any way the Vendors' entitlement to all and any rights, claims and reliefs against the Company to recover the Indebtedness.</p> <p>Upon fulfilment of the conditions as set out in items 6 and 7 of this table, the Repayment Sum shall be discharged against the Indebtedness.</p>
8.	Default	<p>If any party ("Defaulting Party") commits any breach of its obligations under the Vendors Settlement Agreement (including any warranties) and if such breach is remediable, fails to remedy such breach within fourteen (14) days from the service of any written notice by the innocent party complaining of such breach ("Event of Default") then and in any such event, the innocent party ("Non-Defaulting Party") shall, without prejudice to any other rights and remedies as it may have, be entitled to give notice to the Defaulting Party to terminate the Vendors Settlement Agreement and the Defaulting Party shall indemnify the Non-Defaulting Party for all damages, costs, charges and expenses (including all legal costs) incurred by the Non-Defaulting Party in connection with the negotiation and preparation, breach or non-compliance with the Vendors Settlement Agreement and termination or rescission of the Vendors Settlement Agreement and all matters which are connected therewith.</p>

2.2.3 Basis of determining and justification for the issue price for the Settlement Shares for the Proposed Directors Capitalisation and Proposed Vendors Capitalisation

The issue price of the Settlement Shares of RM0.36, was arrived at after taking into consideration the 5-day VWAP of the existing Tadmax Shares up to and including 22 November 2017, being the LTD for the Tadmax Shares prior to the execution of the settlement agreements in relation to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation.

The issue price of the Settlement Shares of RM0.36 represents a premium of approximately 0.87% to the 5-day VWAP of the existing Tadmax Shares up to and including the LTD of RM0.3569.

For information purposes, the issue price of the Settlement Shares represents the following discounts to the VWAPs of Tadmax Shares up to and including the LTD:

Time period	VWAP	Premium/(Discount)	
		RM	%
1-month	0.3729	(0.02)	(6.14)
3-month	0.3720	(0.02)	(5.91)
6-month	0.3899	(0.04)	(10.23)
12-month	0.4328	(0.08)	(19.13)

2.2.4 Ranking of the Settlement Shares

The Settlement Shares will, upon allotment and issue, rank equally in all respects with the then existing Tadmax Shares. However, the holders of the Settlement Shares will not be entitled to any dividends, rights, allotments and other distributions, when the entitlement date is before the allotment date of the Settlement Shares.

2.2.5 Listing of and quotation for the Settlement Shares

Bursa Securities had *vide* its letter dated 26 January 2018, approved the listing of and quotation for 137,499,998 Settlement Shares on the Main Market of Bursa Securities.

The 137,499,998 Settlement Shares to be issued pursuant to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation, representing approximately 25.55% of the Company's total number of issued shares of 538,155,994 Tadmax Shares (excluding the 474,300 Treasury Shares).

2.3 Proposed Diversification

Tadmax's principal activity is investment holding and construction related activities, while its subsidiaries are principally engaged in property development, general construction works, timber logging activities, palm oil plantation and industrial supplies.

On 3 August 2016, Tadmax received a CLoA from the EC, to build a new 1,000MW CCPP in Pulau Indah, Klang, Selangor subject to the fulfilment of the terms and conditions under the CLoA ("**Power Plant Project**"). Tadmax has identified its wholly-owned subsidiary, Tadmax Indah Power Sdn Bhd (formerly known as Kirana Abadi Sdn Bhd) as the special purpose vehicle to undertake the Power Plant Project as an IPP.

On 14 October 2016, the EC had approved the increase in the capacity of the CCPP to up to 1,200MW.

On 28 July 2017, Tadmax had announced that the Company had, on 27 July 2017, fulfilled the terms and conditions stipulated in the CLoA dated 2 August 2016, namely the submission to the EC of a detailed feasibility study on the Power Plant Project, proof of land ownership of the Group's land in Pulau Indah, Klang, Selangor and a banker's cheque for a value of RM10 million, in place of a commitment bond, renewable on a 6-monthly basis till 31 December 2018.

On 13 November 2017, Tadmax announced that the Company had, on 10 November 2017, signed a Joint Development Agreement with KEPCO. The Joint Development Agreement was entered into for the purpose of working and preparing together, the technical and financial proposals required to be submitted to the EC by 1 August 2018. Further, the Joint Development Agreement was entered into to be in compliance with the EC's letter dated 13 September 2017 for a suitable and active technical partner for the Power Plant Project.

The status and indicative timeline for the implementation of the Power Plant Project as at the LPD are as follows:

No.	Event	Status	Indicative timeline
(i)	Received CLoA	Completed	-
(ii)	Submission of Project Documents to the EC	Completed	-
(iii)	Submission of tender documents for EC's approval	Completed	-
(iv)	Issuance of tender documents to pre-qualified Engineering, Procurement, Construction and Commissioning ("EPCC") Bidders	Completed	-
(v)	EPCC tender evaluation and approval and negotiating with all stakeholders including on PPA, GSA, TWA, GPWA, O&M and LTSA.	On-going	March 2018
(vi)	Submission of a firm Technical and Commercial proposal to the EC	-	June 2018
(vii)	Signing of PPA	-	November 2018
(viii)	Financial Close	-	March 2019
(ix)	Issuance of LNTP to the appointed EPCC Contractor	-	July 2019
(x)	Issuance of Notice to Proceed to the appointed EPCC Contractor	-	January 2020
(xi)	COD for Blocks 1 and 2	-	1 January 2023

In accordance with Paragraph 10.13 of the Main Market Listing Requirements of Bursa Securities, Tadmax must obtain the approval of its shareholders in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

- (i) the diversion of 25% or more of the net assets of the Group to an operation which differs widely from the operations currently carried on by the Group; or

- (ii) the contribution from such an operation of 25% or more of the net profits of the Group.

Barring any unforeseen circumstances, the Power Plant Project is expected to result in a diversion of more than 25% of the net assets of the Group to the power producing business which differs widely from its current operations as the Group progressively implement the Power Plant Project.

In this regard, the Company would be seeking the approval of its shareholders at an EGM to be convened for the Proposed Diversification pursuant to Rule 10.13 of the Listing Requirements.

If the Proposed Diversification is approved by the shareholders at an EGM, the Group will be subjected to new challenges and risks arising from the Proposed Diversification as set out in the ensuing section.

Upon implementation of the Proposed Diversification, the Group's principal activities will include the design, construction, operation and maintenance of CCPP, and generation and sale of electrical energy as an IPP ("**Energy Business**").

2.3.1 Details of the Power Plant Project

Background Information

The CCPP will be implemented through Tadmax's wholly owned subsidiary, Tadmax Indah Power Sdn Bhd (formerly known as Kirana Abadi Sdn Bhd), and will be managed by another of Tadmax's wholly owned subsidiary, Tadmax PMC Sdn Bhd. The Power Plant Project involves the overall design, procurement, construction and commissioning to be executed on a turnkey basis.

The Power Plant Project is a CCPP with an installed net capacity of up to 1,200MW mainly comprises 2 blocks of CCPP that consist gas turbines, heat recovery steam generators and steam turbines. The 2 blocks of CCPP will operate using natural gas as the main fuel and distillate fuel as the back-up fuel. The Power Plant Project will be located in the southern part of the island Pulau Indah in Klang, Selangor, next to Port Klang Free Zone, measuring approximately 60 acres in area.

The Power Plant Project will operate as an IPP under a 'build-own-operate' concession contract in the form of a 21-year PPA to be entered into with Single Buyer of TNB via a concession from the EC, selling power to TNB and to commence from COD.

The Power Plant Project is expected to supply to the growing demand for power in Peninsular Malaysia, namely Klang Valley, being the load centre and due to its growing population and on-going development.

As stipulated in the CLoA, the scheduled commercial operation date is targeted to be on 1 January 2023.

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2.3.2 Profiles of Directors and key management

The Group's Energy Business will mainly be driven by the following personnel:

(i) Datuk Syed Azmi bin Syed Othman

Datuk Syed Azmi, a Malaysian, aged 61, is the Managing Director of Tadmax Indah Power Sdn Bhd (formerly known as Kirana Abadi Sdn Bhd). He graduated from Monash University, Australia with a Bachelor of Engineering. An experienced individual in project management and construction engineering, he started his career with Pernas Construction Sdn Bhd in January 1980 as a Trainee Engineer. During his 11-year tenure with Pernas Construction Sdn Bhd, he assumed various positions in the company, which included Site Engineer, Site Manager, Senior Engineer, Project Manager, Project Coordinator as well as Senior Manager. He moved on to join United Engineers Malaysia Berhad (UEM) as a Senior Manager in October 1990, where he was involved in the construction of Shah Alam Stadium. He then left UEM to join Projek Lebuhraya Utara Selatan Berhad (PLUS) as its General Manager (Project Division) in February 1993 where he was responsible for project implementation of the North South Expressway.

Upon completion of the North South Expressway, he returned to UEM in March 1994 to manage the National Sports Complex project with a development value of about RM1.10 billion as its Project Director. His role in the project included the development, construction and completion of the sports complex for the Commonwealth Games in 1998 and the accompanying games village known as Vista Komanwel with a development value of about RM400 million.

In February 1999, he joined Kualiti Alam Sdn Bhd, a subsidiary of UEM as Managing Director where he was responsible for all of the company's business and operation matters which included an Integrated Disposal of Hazardous Waste Plant located in Bukit Nenas in Negeri Sembilan.

From 2004 to 2010, he joined a development company to manage the business and operation of residential development in Johor, Malaysia and Pakistan.

He thereafter became the Chief Executive Officer of Straits Consulting Engineers Sdn Bhd, an independent consulting engineer company before joining the Group in September 2016.

As the Managing Director of Tadmax Indah Power Sdn Bhd, Datuk Syed Azmi's main task is to lead, design, develop and implement the strategic plan for the Project in the most effective and time efficient manner. This shall include among others, preliminary and detailed design development works, provide power purchase agreement, fuel supply agreement and long term supply agreement support, permitting support, major equipment procurement, specification preparation, major equipment proposal evaluations, engineering procurement contract bid package development and evaluation and contract management support.

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(ii) Dato' George Mathew

Dato' George, a Malaysian, aged 67, is the Managing Director of Tadmax PMC Sdn Bhd. He joined the Group in January 2017. He holds a Bachelor's Degree in Electrical Engineering from the University of Southern Illinois, USA and a Master's Degree in Business Administration from Ohio University, USA. He is a Professional Engineer registered with the Board of Engineers, Malaysia and a Competent Electrical Engineer registered with Suruhanjaya Tenaga (ST), as well as a First Grade Steam Engineer registered with the Department of Occupational Safety and Health (DOSH), Malaysia.

He is a highly-experienced professional who has worked across a wide spectrum of power generation projects in various roles including development of power plants, Owner's Engineer and Project Management Consultancy. He has served over 30 years with the TNB in various capabilities ranging from Power Plant Operations, Project Management, Construction and Commissioning.

Subsequent to his tenure with TNB in 2005, Dato' George initially joined Ranhill Power Sdn Bhd where he was instrumental in concluding the Power Purchase Agreement with TNB as well as the EPCC, GSA and the O&M contracts for Ranhill's Powertron II gas fired power plant. Subsequently in 2009, he joined Worley Parsons Ltd followed by Poyry Energy Ltd., both international engineering consultancy firms. Whilst with Worley Parsons Ltd, he was engaged as the Lender's Technical Advisor and Independent Engineer for TNB's Manjung's Four 1,000MW super-critical coal-fired power plant. Additionally, he was also the Owner's Engineer for TNB's Prai 1,071MW Combined Cycle Gas Turbine power plant which was successfully commissioned in February 2016. In Poyry Energy Ltd, his role included carrying out engineering audits on several operating power plants for Energy Commission. During this time, he also served a significant role as the Technical Advisor to Energy Commission for the development of new power plants in Malaysia. In the years 2015 and 2016, he was involved as the Lender's Engineer for the 2,000MW Jimah East super-critical coal-fired power plant as well as for Manjung Five 1,000MW coal-fired power plant.

Dato' George's past diversified experience in all aspects of power plant development, construction, commissioning and operation stands him in good stead to spear-head the development and implementation of the Tadmax 1,000-1,200MW CCPP at Pulau Indah, Selangor.

(iii) Ir. Mohd Noh Bin Ahmad

Ir Mohd Noh Ahmad is the Senior Technical Manager of Tadmax Indah Power Sdn Bhd. He is a Professional Civil Engineer, graduated from the United Kingdom with a degree in Civil Engineering. He has 37 years of experience in the power industry, having joined TNB (then Lembaga Letrik Negara) after his graduation in 1979 and continuing until his retirement in 2016. During his time at TNB, he was extensively involved in various stages of Power Plant Project development, including planning, site selection, EIA, construction, and operation. Besides power plants, he was also involved in various transmission line projects especially in the route selection process, EIA, environmental monitoring and social development programmes. He is now a key member of Tadmax's Power Plant Project team responsible for all liaison work with stakeholders, including agencies and authorities.

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(iv) Nor Azizi Azizan

Nor Azizi Azizan is the Techno-Commercial Manager at Tadmax PMC Sdn Bhd, graduated from Universiti Teknologi PETRONAS in Electrical and Electronics Engineering. He has 10 years' experience in Energy Sector. He started his career at PETRONAS and has significant involvements in power project developments and PPA, GSA, EPCC negotiations for projects such as Pengerang Cogeneration Plant (1,200MW), PETRONAS Solar PV (10MW), International Competitive Biddings for Prai CCPP (1,000-1,400MW) and Garraf OCGT (120MW), pre-due diligence for M&A of GMR India (1,300MW) and Feasibility Studies for projects in Mauritania (300MW CCPP), Sabah (67MW geothermal), and Maersk Oil (160MW Trigen).

(v) Chander Mohan Sharma

Chander Mohan Sharma is a Senior Project Engineer with Tadmax PMC Sdn Bhd. He graduated with a Bachelor's Degree in Electrical Engineering (Power) and also has a Master in Business Administration from the University of Wales, Newport, UK. He has over 12 years of experience in the power sector, spending over 8 years with TNB and 4 years with General Electric (formerly Alstom). He is experienced in managing full scale EPCC projects, providing support for power plant service businesses, and involvement in power plant O&M.

(vi) Johnson Lee

Johnson Lee is a Project Engineer with Tadmax PMC Sdn Bhd. He was formerly an ASEAN scholar, completing his studies at the prestigious Faculty of Engineering, National University of Singapore (NUS), with a specialization in Control and Energy Management. He has 5 years of work experience in the power industry, having started his career as an Instrumentation and Control (I&C) Engineer with Tuas Power Ltd. in Singapore. He was part of the project team that successfully completed the EPCC works for the state of the art Tembusu Multi-Utilities Complex Cogen plant in Jurong Island, Singapore.

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2.3.3 Source of funding for the Power Plant Project

The updated total cost to fund the Power Plant Project prior to the commencement of the construction of transmission line and CCPP, is estimated to be RM62.18 million. The company has earmarked up to RM17.00 million after reallocation of proceeds to the Group's Power Plant Project under the General Mandate Placement. The Company has also allocated up to RM18.00 million from the proceeds of the Proposed Private Placement to partially finance the Power Plant Project. The balance of RM27.18 million will be funded via a combination of bank borrowing and/or internally generated funds, the proportion of which has yet to be determined as at the date of this Circular.

2.4 Proposed Variation to the terms of the ESOS

On 14 November 2013, the Company had implemented its ESOS whereby the Company is authorised to issue up to 10% of the issued share capital of the Company (excluding treasury shares) as ESOS options to eligible employees. On 22 September 2016, the Company had offered 8,906,000 ESOS options at the exercise price of RM0.50 for each ESOS option of which 8,796,000 ESOS options were accepted.

The Company proposes to revise the terms of the By-Laws of the ESOS to incorporate the changes pursuant the enforcement of the Act on 31 January 2017.

The following terms of the By-Laws shall be amended:

Clause	Original By-Laws	Amended By-Laws
1.1 Definition of "Act"	Act : Companies Act, 1965	Act : Companies act, <u>2016</u> (<u>Act 777</u>)
1.1 Definition of "Act"	Auditors : The auditors for the time being of the Company as defined in Section 8 of the Act or such other external auditors as may be nominated by the Board	Auditors : The auditors for the time being of the Company as defined in Section <u>263</u> of the Act or such other external auditors as may be nominated by the Board
1.1 Definition of "TRB Group" or "Group"	"TRB Group" or "Group": The Company and its subsidiaries as defined in Section 5 of the Act (excluding subsidiaries which are dormant) and any subsidiary incorporated or acquired at any time during the tenure of the Scheme and where the context so requires, any one of them.	"TRB <u>GROUP</u> " OR "Group": The Company and its subsidiaries as defined in Section <u>4</u> of the Act (excluding subsidiaries which are dormant) and any subsidiary incorporated or acquired at any time during the tenure of the Scheme and where the context so requires, any one of them.

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Clause	Original By-Laws	Amended By-Laws
2. Maximum Number of New Shares Available Under the Scheme 2.2	Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten percent (10%) of the issued and paid- up share capital of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Act or any other corporate proposal and thereby diminishing its issued and paid- up share capital, then such Options granted prior to the adjustment of the issued and paid- up share capital of the Company shall remain valid and exercisable in accordance with the By-Laws of the Scheme. However in such a situation, the Company shall not make any more new Offers until the total number of new Shares under the subsisting Options including new Shares that have been issued under the Scheme falls below ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares).	Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or any other corporate proposal and thereby diminishing its issued and paid-up share capital, then such Options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the By-Laws of the Scheme. However in such a situation, the Company shall not make any more new Offers until the total number of new Shares under the subsisting Options including new Shares that have been issued under the Scheme falls below ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares).

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Clause	Original By-Laws	Amended By-Laws
5. Offer 5.5	The Company shall keep and maintain at its expense a register of Grantees as required under section 68A of the Act.	The Company shall keep and maintain at its expense a register of Grantees as required under section <u>129</u> of the Act.
7. Option Price	<p>The price at which the Grantee is entitled to subscribe for each new Share:</p> <p>(a) Shall be at the discretion of the ESOS Committee based on the five-(5) day weighted average market price of Shares immediately preceding the Date of Offer of the Option, with a potential discount of not more than ten percent (10%); or</p> <p>(b) The par value of TRB Shares (or such other par value as may be permitted by the Act), whichever is higher.</p> <p>The Subscription Price of the ESOS Options shall be subject to any amendment or modification to the Listing Requirements or any prevailing guidelines issued by Bursa Securities or other relevant authorities made from time to time and any adjustment in accordance with the By- Laws.</p>	<p>The price at which the Grantee is entitled to subscribe for each new Share</p> <p>(a) shall be at the discretion of the ESOS Committee based on the five-(5) day weighted average market price of Shares immediately preceding the Date of Offer of the Option, with a potential discount of not more than ten percent (10%). or</p> <p>(b) The par value of TRB Shares (or such other par value as may be permitted by the Act), whichever is higher.</p> <p>The Subscription Price of the ESOS Options shall be subject to any amendment or modification to the Listing Requirements or any prevailing guidelines issued by Bursa Securities or other relevant authorities made from time to time and any adjustment in accordance with the By- Laws.</p>
10. Divestment of Subsidiaries 10.2	For the purposes of By-Law 10.1 above, a corporation shall be deemed to be divested from the Group in the event such corporation ceases to be a subsidiary of TRB (as defined in Section 5 of the Act).	For the purposes of By-Law 10.1 above, a corporation shall be deemed to be divested from the Group in the event such corporation ceases to be a subsidiary of TRB (as defined in Section <u>4</u> of the Act).

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Clause	Original By-Laws	Amended By-Laws
15. Alteration of Share Capital 15.1	<p>In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, subdivision or consolidation of Shares or capital reduction or any other variation of capital-</p> <p>(a) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding Options already exercised); and/or</p> <p>(b) the Subscription Price,</p> <p>shall be adjusted PROVIDED ALWAYS THAT-</p> <p>(i) no adjustment to the Subscription Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustments would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Shares;</p> <p>(ii) on any such adjustment the resultant Subscription Price, if not an integral multiple of one (1) sen shall be rounded down to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger par value) involve an increase in the Subscription Price or reduce the number of Options that a Grantee is already entitled to;</p> <p>(iii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or</p>	<p>In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, subdivision or consolidation of Shares or capital reduction or any other variation of capital-</p> <p>(a) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding Options already exercised); and/or</p> <p>(b) the Subscription Price,</p> <p>shall be adjusted PROVIDED ALWAYS THAT-</p> <p>(i) no adjustment to the Subscription Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustments would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Shares;</p> <p>(i) on any such adjustment the resultant Subscription Price, if not an integral multiple of one (1) sen shall be rounded down to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger par value) involve an increase in the Subscription Price or reduce the number of Options that a Grantee is already entitled to;</p> <p>(ii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his</p>

Clause	Original By-Laws	Amended By-Laws
	<p>personal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option;</p> <p>(iv) in determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlement will be disregarded; and</p> <p>(v) if fraction arises upon calculation of the adjusted number of new Shares under Option, the adjusted number so calculated shall be rounded down to the nearest whole number.</p> <p>Any adjustments to the Subscription Price and/or the number of new Shares comprised in the Options so far as unexercised other than bonus issue, must be confirmed in writing by the Auditors or the Company's Adviser.</p> <p>Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Shares in favour of all Grantees, but it is decided that no adjustments will be made, such decision much be made known to all the Grantees via a timely notice subject to compliance with the Listing Requirements.</p>	<p>legal or personal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option;</p> <p>(iii) in determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlement will be disregarded; and</p> <p>(iv) if fraction arises upon calculation of the adjusted number of new Shares under Option, the adjusted number so calculated shall be rounded down to the nearest whole number.</p> <p>Any adjustments to the Subscription Price and/or the number of new Shares comprised in the Options so far as unexercised other than bonus issue, must be confirmed in writing by the Auditors or the Company's Adviser.</p> <p>Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Shares in favour of all Grantees, but it is decided that no adjustments will be made, such decision much be made known to all the Grantees via a timely notice subject to compliance with the Listing Requirements.</p>

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15. Alteration of Share Capital
15.2(a)

if and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted and the additional number of new Shares relating to the Option to be issued shall be calculated in accordance with the following formula:

New Subscription Price =		S x	Revised par value for each Share
Where S = existing Subscription Price			Original par value for each Share
Number of additional new Shares = T x			Original par value for each Share
Where T = existing number of new Shares relating to the Option			Revised par value for each Share

Each such adjustment will be effective from the close of business on the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

~~if and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted and the additional number of new Shares relating to the Option to be issued shall be calculated in accordance with the following formula:~~

New Subscription Price =		S x	Revised par value for each Share
Where S = existing Subscription Price			Original par value for each Share
Number of additional new Shares = T x			Original par value for each Share
Where T = existing number of new Shares relating to the Option			Revised par value for each Share

~~Each such adjustment will be effective from the close of business on the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.~~

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Clause	Original By-Laws	Amended By-Laws
15. Alteration of Share Capital 15.3(h)	any issue of Shares by the Company (other than bonus and rights issue) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten per centum (10%) of the outstanding issued and paid-up share capital of the Company pursuant to the provision of Section 132D of the Act.	any issue of Shares by the Company (other than bonus and rights issue) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten per centum (10%) of the outstanding issued and paid-up share capital of the Company pursuant to the provision of <u>Sections 75 and 76</u> of the Act.
25. Scheme of Arrangement, Amalgamation, Reconstruction, Etc.	<p>Notwithstanding the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme as set out in the Offer Letter and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between TRB and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of TRB under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may exercise in full or in part any Option to which the Grantee is entitled commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period.</p> <p>Upon the compromise or arrangement becoming effective, all Options remaining unexercised thereafter shall automatically lapse and become null and void.</p>	<p>Notwithstanding the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme as set out in the Offer Letter and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between TRB and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of TRB under Section <u>366</u> of the Act or its amalgamation with any other company or companies under Section <u>370</u> of the Act, a Grantee may exercise in full or in part any Option to which the Grantee is entitled commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period.</p> <p>Upon the compromise or arrangement becoming effective, all Options remaining unexercised thereafter shall automatically lapse and become null and void.</p>

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3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Private Placement

The Proposed Private Placement will allow the Group to meet the funding requirements for the following:

- (i) the Power Plant Project; and
- (ii) the property development costs for the Ganggarak Project.

Funds from the Proposed Private Placement will provide additional capital to the Group for its business operations and at the same time increase the flexibility of the Group's cash flow management of its property development. The Proposed Private Placement will also strengthen the capital base of Tadmax to support continuous growth of its business offerings.

Tadmax has sought to raise funds via the Proposed Private Placement as the Board is of the opinion that:

- (i) the Proposed Private Placement is the most cost-effective source of capital to meet the Group's financing needs for the Power Plant Project and the property development costs of the Ganggarak Project while reducing reliance on the cash flow of the Group and/or bank borrowings where the latter the Company will incur interest costs; and
- (ii) the Proposed Private Placement is the most expeditious way of fund raising from the capital market as opposed to other forms of fund raising as it is most cost-effective source of capital to meet the Group's financing needs.

Based on the above and after taking into consideration the various methods of fund-raising, the Board is of the opinion that the Proposed Private Placement is currently the most appropriate means of raising funds.

3.2 Proposed Directors Capitalisation

Notwithstanding the amount owing by the Group to DSAA and DGSL are unsecured, interest free and have no fixed term of repayment, the Proposed Directors Capitalisation is undertaken to reduce the Group's liability without incurring any cash outflow. In this respect, this will allow our Group to reserve its cash for other purposes, such as working capital requirements.

3.3 Proposed Vendors Capitalisation

On 22 July 2016, Tadmax announced that the WMB Acquisition would be funded by a combination of bank borrowings and internally generated funds at the ratio of between 70:30 to 75:25. However, the Group has resolved not to use debt financing or bank borrowings to finance the WMB Acquisition as it will cause the Group to incur additional finance costs and will further increase the Group's liability and gearing level.

Accordingly, Tadmax had, on 7 December 2016 announced that the Company intends to undertake a renounceable Rights Issue with Warrants and proposed to utilise the expected proceeds to be raised from Rights Issue with Warrants towards the full settlement of the remaining outstanding purchase consideration for the WMB Acquisition, working capital for its new property development project in Taman Metropolitan, Kepong in Wilayah Persekutuan Kuala Lumpur, repayment of bank borrowings and future investment in the acquisition of land for the Group's property development business segment in line with the Group's strategic directions.

The shareholders of Tadmax had, at its EGM on 16 May 2017, approved the Rights Issue with Warrants.

On 28 September 2017, the Company announced that Bursa Securities had vide its letter dated 27 September 2017, resolved to grant Tadmax an extension of time until 30 March 2018 to complete the Rights Issue with Warrants.

However, upon further deliberation, the Company had, on 23 November 2017, announced that the Board had resolved to terminate the Rights Issue with Warrants in favour of the Proposals.

Pursuant thereto, the Proposed Vendors Capitalisation will enable the Company to fully settle the remaining outstanding purchase consideration for the WMB Acquisition of RM32.50 million via the Settlement Shares, thereby allowing the Group to reserve its cash for other purposes, such as working capital requirements.

3.4 Proposed Diversification

The Group had, from the receipt of the CLoA, continued to employ its resources and efforts towards the Power Plant Project to amongst others, satisfy the EC's requirements within the stipulated time in accordance to the CLoA.

The Proposed Diversification is in line with the Group's plan to diversify its sources of revenue and earnings in addition to its existing core business through the steady operation, cash flows and revenues expected to be derived from the Energy Business. Consequently, this will allow the Group to balance and mitigate the inherent risks associated with the cyclical nature of property development and strengthen the Groups' business portfolio. The Energy Business will also provide the platform for the medium-term to long-term growth of the Group. The Power Plant Project is expected to contribute positively to the revenue and earnings of the Group upon its COD scheduled in January 2023.

The Group believes that, by leveraging on capability of Datuk Syed Azmi bin Syed Othman and Dato' George Mathew, who both have the relevant experience including project management of mega projects and technical know-how in the Energy Business, the Group has the capacity and capability to diversify into the Energy Business.

Notwithstanding the above, the Group's principal activities such as property development, general construction works, timber logging activities, palm oil plantation and industrial supplies will continue to be the core business of Tadmax Group.

Pursuant thereto, the Proposed Diversification is undertaken to enable the Group to continue its venture into the Energy Business in accordance with Paragraph 10.13 of the Main Market Listing Requirements of Bursa Securities.

3.5 Proposed Variation to the terms of the ESOS

The Proposed Variation to the terms of the ESOS is undertaken to incorporate the changes made to the Act with respect to the ESOS.

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4. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian Economy

The Malaysian economy recorded a sterling growth of 5.7% during the first six months of 2017 underpinned by strong domestic demand, driven primarily by private sector expenditure and reinforced by improved external sector. Given the robust economic growth during the first half, real GDP for the year is expected to strengthen further between 5.2% and 5.7% (2016: 4.2%) surpassing the earlier estimates. Accordingly, gross national income (GNI) at current prices is estimated to expand 9.1% to RM1.3 trillion (2016:6.2%; RM 1.2 trillion), with incomes per capital increasing 7.7% to RM40,713 (2016: 4.7%; RM37,791).

(Source: Economic Report 2018, Ministry of Finance Malaysia)

Global economic activity continued to expand in the third quarter of 2017. High-frequency indicators such as the global purchasing manager indices (PMI) and industrial production in the advanced economies and most major countries in Asia registered further improvements. This reaffirms that economic growth is becoming increasingly more entrenched across countries. Third quarter GDP releases showed sustained growth in the advanced economies, supported by private consumption and investment. This continued to provide support to global demand, as imports from the advanced economies expanded further. Domestic demand in PR China remained supportive of growth and global trade, albeit at a marginally more moderate pace. As a result, Asia continued to benefit from these favourable external developments, augmenting the strength in domestic demand.

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017 (2Q 2017: 5.8%). Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace (11.8%; 2Q 2017: 9.6%), supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (2Q 2017: 1.3%).

Domestic demand grew by 6.6% in the third quarter of the year (2Q 2017: 5.7%), supported by continued expansion in both private sector expenditure (7.3%; 2Q 2017: 7.2%) and public sector spending (4.1%; 2Q 2017: 0.2%). Private consumption expanded by 7.2% (2Q 2017: 7.1%), underpinned by better labour market conditions. Private investment registered a stronger growth of 7.9% (2Q 2017: 7.4%), mainly in the services and manufacturing sectors. Business sentiments also remained above the optimism threshold, in line with favourable external and domestic demand conditions. Public consumption expanded by 4.2% (2Q 2017: 3.3%) following faster growth in emoluments amid continued prudence in spending on supplies and services. Public investment turned around to register positive growth of 4.1% during the quarter (2Q 2017: -5.0%). This was due to higher fixed assets spending by both the Federal Government and public corporations. Gross fixed capital formation (GFCF) growth was higher at 6.7% (2Q 2017: 4.1%) driven by higher growth in private investment and the positive turnaround in public investment. On the supply side, growth was supported by continued expansion across all sectors. Headline inflation moderated to 3.8% in the third quarter of 2017 (2Q 2017: 4.0%) due mainly to lower transport inflation at 11.7% (2Q 2017: 13.4%). Although domestic fuel prices trended upward during the quarter due to rising global oil prices, domestic fuel prices averaged slightly lower compared to the previous quarter (RON95 petrol in 3Q 2017: RM2.09 per litre; 2Q 2017: RM2.10 per litre).

(Source: Economic and Financial Development in the Malaysian Economy in the Third Quarter of 2017, Quarterly Bulletin, Bank Negara Malaysia)

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4.2 Overview and outlook of the energy supply industry in Malaysia

In terms of electricity growth, industrial sales is expected to remain subdued while commercial and domestic sectors are projected to contribute significantly towards the overall demand growth. Reasonable year on year growth was seen in 2016 even after the El Nino phenomenon subsided in late May. Therefore, electricity sales is projected to grow at between 1.0% to 2.0% while peak demand is projected to grow at between 2.0% to 2.5% in 2017.

Regulatory instruments are further strengthened with the passing of the Electricity Supply (Amendment) Act 2015 and the Gas Supply (Amendment) Act 2016. Existing regulations, codes or guidelines will be revised from time to time while new instruments will be introduced in order to keep up with changes in the industry.

Two new thermal power generation projects are expected to be commissioned in 2017, Pengerang Co-generation Plant with initial export capacity of 400MW scheduled in June and TNB Manjung Five with capacity of 1,000MW scheduled in October. Solar plants under Large Scale Solar (LSS) and direct award are expected to start commissioning by year end in addition to renewable energy plants under the Feed-in Tariff (FiT) scheme. The second phase of the bidding programme for commercial operation in 2019 will start in first quarter of 2017.

The Net Energy Metering scheme is opened to all domestic, commercial and industrial consumers with total target capacity of 500MW and maximum allowable installed capacity of 1MW peak for commercial and industrial consumers. More consumers can now participate in the scheme as the annual capacity is capped at 90MW (Peninsula) and 10MW (Sabah) for the period between 2016 to 2020. However, based on the initial response, certain requirements will need to be revisited to boost consumer participation.

The Enhanced Time-of-Use Tariff (EToU) scheme that is offered to medium voltage and high voltage consumers under tariff category of C1, C2, E1, E2 and E3 will be extended to low voltage industry under tariff category D starting 1st January 2017. The number of application for EToU scheme is expected to increase since customers under tariff category D will enjoy more benefit under EToU as compared to other categories of customers due to flexibility of their load pattern.

The First regulatory period of the Incentive-Based Regulation (IBR) will be completed by end of 2017. Assessment of Key Performance Indicators and overall performance of TNB's regulated business units will be made as IBR turns to the second regulatory period in 2018.

As Malaysia aims to become a high income country post-2020, a higher generation adequacy target may be needed to ensure the reliability of electricity supply does not hamper the economic growth of the nation. Based on early findings and take into consideration losses in relation to economic activities disruption due to supply interruption, the most optimal system cost post-2020 can be achieved at between 30% to 35% reserve margin. Detail deliberation is expected as revision in planning criteria will change the outlook of future capacity planting-up.

(Source: Peninsular Malaysia Electricity Supply Industry Outlook 2017, the Energy Commission of Malaysia)

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4.3 Overview and outlook of the property market in Malaysia

The residential subsector continued to expand 4.7% (January – June 2016: 6.7%) supported by firm demand for affordable housing in choice locations with easy access. Housing starts rebounded significantly by 12.1% to 67,662 units (January – June 2016: -40%; 60,378 units). Condominiums and apartments accounted for 42.9% of total housing starts in line with the increasing demand, especially for high-rise units in major cities. However, the increase was offset by a decline in incoming supply at 3.4% to 485,433 units (January – June 2016: 14.1%; 502,345 units) as developers were cautious in launching new projects to prevent accumulation of unsold properties. Likewise, new approvals declined 2.8% to 43,133 units (January – June 2016: -33.5%; 44,389 units) as developers reviewed their future plans in response to market situation.

In terms of demand, the take-up rate for residential units grew 23.9% with 6,775 units during the period (January – June 2016: 22.7%; 3,289 units) amid continued access to housing loans, especially for first-time house buyers. Accordingly, transaction value improved with smaller contraction of 0.3% to RM32.9 billion (January – June 2016: -9.6%; RM33 billion). However, total properties transacted declined 6.9% to 95,010 (January – June 2016: -14.5%; 102,096 transactions) mainly due to the adoption of macroprudential measures to deter market speculation and ensure only those who are credit-worthy eligible for financing. The residential overhang increased 55.4% to 20,876 units with a total value of RM12.3 billion during the period (January – June 2016: 28.3%; 13,438 units; RM7.6 billion) with Kedah accounting for the highest overhang at 20.9%, followed by Johor (18.2%) and Selangor (17.6%). However, the property market is expected to adjust accordingly in the long-run given the robust economic growth prospects.

Malaysian House Price Index (MHPI) grew at a moderate pace, reflecting various cooling measures adopted by the Government to contain spiralling prices. The MHPI stood at 184.1 points (at base year 2010) during the second quarter of 2017 (Q2 2016: 174.4 points). Meanwhile, the average house price grew 5.6% to RM397,190 during the period (Q2 2016: 7.1%; RM376,247) with terrace recording the highest increase at 6.8%, followed by high-rise units (5.8%), semi-detached (4.1%) and detached (2.4%) houses. The non-residential subsector grew 4.9% to RM6.4 billion (January – June 2016: RM6.1 billion). The growth was mainly supported by starts for shops and service apartments which rebounded 29.3% and 14% (January – June 2016: -46.7%; -35%), respectively. However, construction starts in the industrial and Small Office Home Office (SOHO) declined 9.7% and 16.1%, respectively (January – June 2016: -76.7%; -24.9%) mainly due to moderation in the oil & gas (O&G)-related industries. Similarly, planned supply of Purpose-Built Office (PBO) contracted 6.1% to 972,995 square metres (sm) (January – June 2016: 60.1%; 1,036,671 sm). Meanwhile, construction starts for PBO remained unchanged at 277,776 sm.

The shop overhang increased 54.3% to 7,754 units valued at RM5.1 billion (January – June 2016: 2.2%; 5,024 units; RM2.5 billion). Nevertheless, demand for commercial buildings remained favourable with the average occupancy rate of office and retail space at 83.5% and 81.5%, respectively indicating sustained demand for commercial space, especially in prime areas. As of June 2017, the existing stock for shopping complexes and industrial buildings stood at 15.1 million sm and 111,792 units (end-June 2016: 14.2 million sm; 106,453 units), respectively. Meanwhile, shop segment recorded 5,829 transactions worth RM4.6 billion (January – June 2016: 6,452; RM4.7 billion), constituting 56.2% of total transactions in commercial property. Johor and Selangor contributed the highest market volume with 18.4% and 16.8%, respectively. The PBO Rental Index for Klang Valley, Johor Bahru and George Town showed a positive trend during the second quarter of 2017. The Kuala Lumpur rental index expanded 3.7% to 133.5 points (Q2 2016: 4%; 128.7 points) with City Centre recording 4% while Outside City Centre (2.5%). Meanwhile, the rental index in Selangor, Johor Bahru and George Town increased 3.8%, 4.2% and 5.2% to record 120.3 points, 126.2 points and 122.6 points, respectively.

(Source: Economic Report 2018, Ministry of Finance Malaysia)

In 1Q 2017, total unsold residential properties stood at 130,690 units, the highest in a decade. This is close to double the historical average of 72,239 units per year between 2004 and 2016. About 83% of the total unsold units were in the above RM250,000 price category. 61% of total unsold units were high-rise properties, out of which 89% were priced above RM250,000. Johor has the largest share of unsold residential units (27% of total unsold properties in Malaysia), followed by Selangor (21%), Kuala Lumpur (14%) and Penang (8%).

The large number of unsold properties is due to the mismatch between the prices of new launches and households' affordability. Over the period 2016 to 1Q 2017, only 21% of new launches were for houses priced below RM250,000. This is insufficient to match the income affordability profile of about 35% of households in Malaysia. Secondly, the mismatch was exacerbated by the slower increase in median household incomes (CAGR 2012-2016: 9.6%) relative to median house prices (15.6%). These factors have resulted in median house prices in Malaysia being 5.0 times annual median household income in 2016, rendering house prices "seriously unaffordable" in Malaysia. The housing affordability issue is even more acute in certain states, with house prices being "severely unaffordable" in Sabah and Penang (median multiple of 5.5). Such a wide disparity between the supply and demand of affordable homes has worsened the imbalances in the housing market.

Since 1Q 2015, the office vacancy rate in the Klang Valley has increased steadily from 20.9% to 23.6% in 1Q 2017. This is higher than the national average of 18.1%, and more than three times the regional average of 6.6%. The incoming supply of 38 million square feet (msf) of office space could exacerbate the glut. The office vacancy rate is projected to reach an all-time high of 32% by 2021, far surpassing levels recorded during the Asian Financial Crisis. In other words, if current supply-demand dynamics persist, 1-in-3 offices in Klang Valley could be vacant in 2021. Total incoming supply could potentially be higher if future phases of the ongoing large development projects are taken into account. This may result in further downward pressure on office rentals, which are already the lowest in the region.

Total retail space in the major states has increased sharply over the years. In 2016, Penang had the highest retail space per capita in the country (10.5 sq ft per person), followed by Klang Valley (8.2) and Johor (5.1). In higher-income regional cities such as Hong Kong SAR and Singapore, prime retail space per capita is only 3.6 and 1.5 respectively. The incoming supply of 140 new shopping complexes by 2021 across the Klang Valley, Penang and Johor is expected to worsen the oversupply going forward. While Penang currently has the highest prime retail space per capita, it will be overtaken by Johor by 2018. The large incoming supply of 15.8 million square feet of retail space in Johor will be 1.5 times the existing supply.

With respect to the commercial property sector, banks have become more cautious in lending to this segment due to the oversupply situation, as shown by the lower loan approval rates for the construction and purchase of commercial properties. The banks' current exposure to the commercial property segment remains small, accounting for 5.1% of total bank loans.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2017, Bank Negara Malaysia)

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4.4 Prospects of the Group

The local property market is expected to remain challenging in the coming remaining period of FYE 31 December 2017 on the back of continued stringent mortgage approval and headwinds remain from new launches by other property developers coupled with increasing affordable housing schemes being made available in the market. Though the property market may see a slowdown in activities, the Group is confident that its impact will be manageable, as the Group focuses on affordable housing and has its project located in a good location.

The Group recently launched property development project known as MIZUMI RESIDENCES, comprising 3 tower blocks, has seen encouraging responses. As of the end of the 3Q2017, more than two-thirds of the available units have been taken up. Mizumi Residences project is expected to contribute positively to the earnings of the Group for the FYE commencing 31 December 2018.

Meanwhile, the Energy Business segment is progressing ahead of the timeline and the next submission to the Energy Commission is targeted in mid-2018 comprising technical and commercial proposal whilst construction earmarked sometime in mid-2019. With the Company inking on 10 November 2017 of a Joint Development Agreement with KEPCO, a major international power utility company and South Korea's largest state-owned public utility company, the Group would receive all the required technical support in greatly enhancing its submission of aforementioned technical and commercial proposal, in undertaking financial close and subsequent implementation of its power plant project. However, contribution from this business segment is only expected to kick in during year 2023.

On the back of the foregoing paragraphs, the Board expects the Group to register losses in the current FYE 31 December 2017. However, the Group is expected to generate profits for the FYE 31 December 2018, fueled by much higher revenue from Mizumi Residences that the Group expects to recognize in line with expected higher percentage of completion and percentage of units sold.

(Source: Tadmax's Management)

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5. RISK FACTORS OF THE PROPOSED DIVERSIFICATION

5.1 Business risk

The Proposed Diversification would result in the diversification of the business of the Group to include Energy Business.

However, as the independent power generation business is fairly mature in the country, the industry's projects risks can be broadly classified under Technology, Construction, Operation and Market risks which would have an impact on the business risk. Therefore, it is prudent to discuss them briefly with the Group's mitigation action plan to address them.

The power generation is an established industry in the country and the gas turbine technology has evolved and improved. The Group will nevertheless undertake stringent evaluation in consultation with experts and our technical partner, KEPCO, on the selection of a reputable OEM with proven technology as proposed under the EPCC tender proposal. In addition, the Group will enter into LTSA for maintenance and spares parts, to avoid and/or minimize disruption to the Power Plant Project operations.

As for construction, the successful EPCC contractor, apart from being pre-qualified in the first instance under the technical criteria required by EC, will be evaluated on established methodology and be required to enter into a lump sum turnkey contract to ensure that the Power Plant Project is completed on time and within an acceptable level of performance. These contracts have stringent reward and penalty clauses that protect the Group against cost overruns and operational deficiencies.

The selection of an experienced and reliable O&M Operator with adequate experience of the selected turbine, and reinforced with a LTSA, would mitigate the negative consequences from a shortfall in the Power Plant Project operations.

The proposed CCPP is located in the load centre of the country's most industrialised state of Selangor and barring major calamity, the market (demand) for power would be sustained.

Adequate insurances covering critical stages and processes, including loss of profits, throughout the life of the Power Plant Project would also be taken.

5.2 Uncertainty risk arising from the delay in completion and cost overrun of the Power Plant Project

The timely completion of the Power Plant Project is dependent on many external factors including, amongst others, the timely receipt of the requisite permits and regulatory approvals, availability of construction/building materials, equipment and labour and availability of financing and acceptable performance level of any contractors engaged for the implementation of the Power Plant Project.

Adverse developments in respect of these factors can lead to interruptions or delays in completing the implementation of the Power Plant Project, which can consequently result in cost overruns that affect the Group's profitability and cash flows.

In addition to mitigation plan indicated above, the Group will strive to complete the implementation of the Power Plant Project within the specified time through close project planning and coordination.

Nevertheless, there is no assurance that events or outcomes which are beyond the Board's control, will not materially affect the business and financial conditions of the Group.

5.3 Economic, market and regulatory conditions affecting the power industry

Sustained downturns in the economy can generally affect the power industry with a negative effect on the Group's Energy Business due to decline in energy demand from the users.

However, planning of new power plant requires long term planning, after taking into account the long-term energy requirements of the country and replacement of power generation from retiring power plants. Towards this end, the government has identified this project as one of the committed generation projects.

(Source: Peninsular Malaysia Electricity Supply industry Outlook 2017)

Similarly, other market conditions such as change in the supply of and demand for energy commodities which may impact prices of energy commodities, increased in the availability of competitively priced alternative energy sources and changes in government and governmental policies that are beyond the Group's control may negatively impact the power industry and the Group's Energy Business, financial condition and results of operations.

The power industry is subject to various laws and regulations, including health, safety and environment laws and regulations, administered by local and governmental policies. Failure to comply with any relevant laws and regulations may result in financial penalties or administrative or legal proceeding against the Group.

Nevertheless, the Group will continue to take effective measures to mitigate the abovementioned risks through amongst others, established risk management system, corporate governance and controls.

5.4 Dependence on key personnel

As in other business, the Group continued success depends largely on the abilities, skills, experience, competency and continued efforts of the senior management. The loss of any of the relevant senior personnel, particularly in respect of the Group's Energy Business without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, could adversely affect the Group's Energy Business and hence, its revenue and profitability.

In addition to having suitably trained and experienced management, the LTSA (as indicated earlier) and O&M (as indicated earlier) will be managed by proven technical providers.

5.5 PPA risk

The PPA is a legal agreement that is signed between the seller (IPP) and the buyer (TNB). The conditions stipulated in the PPA will be negotiated comprehensively to ensure they are favourable to both parties over the PPA period of 21 years.

In relation to the PPA, our Group may be exposed to the following risks:

(i) Delay risk:-

In the event our Group fails to meet the scheduled commercial operation dates as stipulated in the PPA, our Group may be liable for the payment of liquidated damages.

(ii) Non-performance risk:-

In the event our Group fails to deliver the targeted capacity output to the buyer in accordance with the PPA, our Group would be subjected to penalty payments due to performance deficiency.

(iii) Non-compliance risk:-

In the event our Group fails to meet the dispatch requirements of energy output as specified in any dispatch instruction, our Group would be subjected to certain penalty.

Additionally, any failure to comply with or operate in conformity with certain operating standards or characteristics set out in the PPA, our Group would be subjected to penalty payments for such failure.

(iv) Financial risk:-

In the event our Group may not be able to achieve the targeted financial close and obtain sufficient funding within the timeframe as stipulated in the PPA, the construction of the Power Plant Project may potentially be delayed or suspended.

Any delay in the signing of PPA may result in our Group not achieving the financial objective from the Power Plant Project.

Any other material exposure to liquidated damages or service level penalties under the PPA will materially and adversely affect our profitability, results of operations and financial performance.

As such, our Group is taking effective measures to mitigate the abovementioned risks through comprehensive negotiation of the terms and conditions of the PPA, to ensure its fairness and reasonableness to the parties involved, the recruitment of suitably trained and experienced management, and timely planning for the funding requirements.

5.6 Construction risk

PPAs are subject to construction risk that may include but not limited to the failure of completing the project subsequent to the signing of the PPA, and the adverse financial conditions of the EPCC that might affect the deliverables of the project.

Additionally, there are inherent risks in the construction of the Power Plant Project, which include, among others, shortages of construction materials and skilled workers, unavailability and inefficiency of equipment, increase in prices of construction materials, the non-performance or unsatisfactory performance of contractors, adverse weather conditions, natural disasters, accidents, failure or postponement in the approval from the relevant authorities.

The construction delays, loss of revenue and cost over-runs are likely to result from such events which could in turn adversely affect our Group's business, operations and financial performance.

Our Group will strive to mitigate these risks through, amongst others, close monitoring of the progress of the construction and endeavour to promptly rectify any setbacks. In addition, our Group has adequate insurance for the coverage against unfavourable events in order to ensure our Group's performance is not materially and adversely affected.

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5.7 New market risk

The Proposed Diversification may expose our Group to new market risks inherent in the Energy Business, which may include amongst others the risks associated with environmental regulations, compliance and the lack of technical and financial expertise.

Although our Group will seek to limit these risks through, *inter-alia*, leveraging on the expertise of KEPCO, as well as engaging the services of professionals and contractors with proven track records, conducting market study and careful planning and allocation of resources, there is no assurance that any material adverse change to the Energy Business will not result in a material adverse impact to our Group.

Further, our Group has identified a group of qualified and experienced technical personnel for the Proposed Diversification as detailed in Section 2.3.2. Our Group also intends to recruit and further expand our experienced team to drive the Energy Business in the near future.

In addition, our Group attempts to mitigate the effects of these risks by monitoring industry trends and conducting on-going assessments of any operational and financial impacts of such change in regulatory environment.

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6. EFFECTS OF THE PROPOSALS

The Proposed Diversification and Proposed Variation to the terms of the ESOS will not have any immediate effect on the issued share capital, NA, gearing, substantial shareholders' shareholding, earnings and EPS of the Group.

The pro forma effects of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation on the issued share capital, NA, earnings, EPS and shareholdings of substantial shareholders are set out below:

6.1 Share capital

The pro forma effects of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation on the issued share capital of Tadmax are as follows:

	No. of Tadmax Shares	RM
Issued share capital as at 31 December 2016 ⁽¹⁾	489,707,094	244,853,547
Adjusted pursuant to:		
• New Tadmax Shares issued pursuant to the General Mandate Placement	48,923,200	20,058,512
• Transfer of amounts standing to the credit of the share premium account	-	⁽²⁾ 1,193,570
Issued share capital as at the LPD	538,630,294	266,105,629
To be issued pursuant to:		
• Proposed Private Placement ⁽³⁾	107,631,100	35,518,263
• Proposed Directors Capitalisation ⁽⁴⁾	47,222,221	17,000,000
• Proposed Vendors Capitalisation ⁽⁴⁾	90,277,777	32,500,000
Enlarged issued share capital	783,761,392	351,123,892

Notes:

- (1) Including 474,300 Treasury Shares held by the Company with a total cost of RM154,720.
- (2) Pursuant to Section 618(2) of the Act and after deducting the expenses in respect of the General Mandate Placement of RM0.17 million.
- (3) Assuming the Placement Shares issued at the Indicative Issue Price of RM0.33, and the amount is fully credited to the share capital account of Tadmax in accordance with the Act.
- (4) The Settlement Shares are issued at the issue price of RM0.36, and the amount is fully credited to the share capital account of Tadmax in accordance with the Act.

6.2 Earnings and EPS

The proceeds from the Proposed Private Placement has been earmarked to partially fund the property development costs of the Ganggarak Project, and to partially finance the funding requirements of the Group's Power Plant Project. Therefore the Proposed Private Placement is not expected to materially contribute to the earnings and EPS of the Group for the FYE 31 December 2017. However, the proposed use of proceeds in Section 2.1.5 is expected to contribute positively to the earnings and EPS of the Group as and when the benefit from the utilisation materialises.

However, the EPS will be proportionately diluted as a result of the increase in the number of shares after the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation. The effects of such dilution (if any) will be dependent on the returns to be generated by the Company from the use of proceeds from the Proposed Private Placement.

6.3

NA and gearing

The pro forma effects of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation on the NA and gearing of Tadmax based on the audited consolidated statement of financial position as at 31 December 2016 are as follows:

	Audited as at 31 December 2016 (RM'000)	Adjustments up to subsequent events completed up to the LPD (RM'000)	After the Proposed Private Placement (RM'000)	After the Proposed Directors' Capitalisation (RM'000)	After the Proposed Vendors' Capitalisation (RM'000)
Share capital	244,854	⁽¹⁾⁽²⁾ 266,106	⁽⁴⁾ 301,624	⁽⁶⁾ 318,624	⁽⁷⁾ 351,124
Share premium	⁽²⁾ 1,367	-	-	-	-
Treasury shares	(155)	(155)	(155)	(155)	(155)
Revaluation reserve	-	⁽³⁾ 56,611	56,611	56,611	56,611
Employees' share option reserve	352	352	352	352	352
Foreign currency translation reserve	409	409	409	409	409
Retained profits	3,603	3,603	⁽⁵⁾ 3,103	3,103	3,103
Shareholders' equity/ NA	250,430	326,926	361,944	378,944	411,444
No. of Tadmax Shares ('000) ⁽⁸⁾	489,233	538,156	⁽⁴⁾ 645,787	⁽⁶⁾ 693,009	⁽⁷⁾ 783,287
NA per Tadmax Shares (RM)	0.51	0.61	0.56	0.55	0.53
Total borrowings ('000)	42,999	42,999	42,999	42,999	42,999
Gearing (times)	0.17	0.13	0.12	0.11	0.10

Notes:

- (1) *Issuance of 48,923,200 new Tadmax Shares which were issued pursuant to a General Mandate Placement, raising a total of RM20.06 million.*
- (2) *The Act which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM1,194,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*
- (3) *The revaluation of its property situated at Pulau Indah, Klang, Selangor held under Property, Plant and Equipment where the Group undertook a revaluation during the financial period ended 31 March 2017 to reflect the latest market value of the non-current assets of the Group in the financial statements of the Group as this property will be utilized for the Group's Power Plant Project. The revaluation has resulted in a net revaluation surplus of RM56.61 million and the same has been recognized directly in equity as revaluation surplus.*
- (4) *After issuance of 107,631,100 Placement Shares at the Indicative Issue Price of RM0.33 per share.*
- (5) *After deducting estimated expenses of RM0.50 million in relation to the Proposals.*
- (6) *After issuance of 47,222,221 Settlement Shares at the issue price of RM0.36 per share.*
- (7) *After issuance of 90,277,777 Settlement Shares at the issue price of RM0.36 per share.*
- (8) *Excluding 474,300 Treasury Shares held by the Company.*

6.4 Convertible Securities

Save for the 8,796,000 outstanding ESOS options, the Company does not have any other existing convertible securities as at the date of this announcement.

Save for the Proposed Variation to the terms of the ESOS, the Proposals will not give rise to any adjustment to the exercise price and/or the number of outstanding ESOS options pursuant to the provisions of the By-Laws constituting the ESOS options.

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6.5 Substantial shareholders' shareholding

The pro forma effects of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation on the shareholding of the substantial shareholders of Tadmax as at the LPD are set out in the table below:

Substantial shareholder	As at the LPD		After the Proposed Private Placement		After the Proposed Directors Capitalisation		After the Proposed Vendors Capitalisation							
	Indirect		Direct		Indirect		Direct							
	No. of shares ('000)	%	No. of shares ('000)	%	No. of shares ('000)	%	No. of shares ('000)	%						
DSAA	147,996	27.50	-	-	-	-	(1)178,552	25.75	-	-	178,552	22.78	-	-
Datuk Kok Boon Kiat	64,346	11.96	-	-	-	-	64,346	9.96	-	-	64,346	8.21	-	-

Note:

(1) After issuance of 30,555,555 Settlement Shares at the issue price of RM0.36 per share.

The shareholders' shareholding will be proportionately diluted as a result of the increase in the number of Tadmax Shares in issue after the implementation of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Tadmax Shares as traded on Bursa Securities for the past twelve (12) months from December 2016 to November 2017 are as follows:

	High RM	Low RM
<u>2017</u>		
January	0.43	0.38
February	0.43	0.39
March	0.49	0.40
April	0.49	0.45
May	0.47	0.42
June	0.44	0.38
July	0.42	0.36
August	0.41	0.37
September	0.39	0.36
October	0.39	0.35
November	0.38	0.30
December	0.32	0.29
Last transacted price of Tadmax Shares as at the LTD		RM0.35
Last transacted price of Tadmax Shares as at the LPD		RM0.32

(Source: Bloomberg)

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8. APPROVALS REQUIRED

The Proposals are subject to the approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the following:
 - (a) Placement Shares to be issued pursuant to the Proposed Private Placement; and
 - (b) Settlement Shares to be issued pursuant to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation,

on the Main Market of Bursa Securities, which was obtained vide its letter dated 26 January 2018, subject to the following conditions:

Conditions	Status of compliance
(a) Tadmax and Kenanga IB must fully comply with the relevant provisions under the Listing Requirement pertaining to the implementation of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation;	To be complied
(b) Tadmax and Kenanga IB to inform Bursa Securities upon the completion of the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation;	To be complied
(c) Tadmax and Kenanga IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement, Proposed Directors Capitalisation and Proposed Vendors Capitalisation is completed; and	To be complied
(d) Kenanga IB must submit to Bursa Securities the placee's details in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the Placement Shares.	To be complied

- (ii) approval of the shareholders of Tadmax for the Proposals at an EGM to be convened; and
- (iii) any other relevant persons or authorities, if required.

The Proposals are not conditional upon each other and any other corporate exercises undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the following, none of the Directors and/or major shareholders of Tadmax and/or persons connected with them have any interest, whether direct or indirect, in the Proposals:

- (i) DSAA is the Managing Director and a major shareholder of Tadmax; and
- (ii) DAA is the Deputy Managing Director of Tadmax and is the son of DSAA

Accordingly, DSAA and DAA will abstain from deliberating and voting in respect of the resolution pertaining to the Proposed Directors Capitalisation at the Board meetings and the forthcoming EGM of the Company, respectively.

In addition, DSAA and DAA undertake to ensure that any person connected with them, if any, will abstain from voting on the resolution pertaining to the Proposed Directors Capitalisation at the forthcoming EGM of the Company.

On the 23 November 2017, DGSL resigned as an Executive Director of Tadmax. He was formerly an Executive Director of Tadmax and a controlling shareholder cum Director of GSSB.

Notwithstanding the above, DGSL will abstain from voting on the resolutions pertaining to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation pursuant to his interests in the Proposals.

DGSL also undertake to ensure that any person connected with him, if any, will abstain from voting on the resolutions pertaining to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation pursuant to his interests in the Proposals.

10. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Private Placement, Proposed Diversification, Proposed Vendors Capitalisation and Proposed Variation to the terms of the ESOS, is of the opinion that the Proposals is in the best interest of the Company and its shareholders.

Further, the Board (save for DSAA and DAA), after having considered all aspects of the Proposed Directors Capitalisation, is of the opinion that the Proposals is in the best interest of the Company and its shareholders.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but have yet to be completed as at the LPD.

On 7 December 2016, the Company announced that it proposed to undertake a Proposed Rights Issue with Warrants.

Bursa Malaysia Securities Berhad had vide its letter of 30 March 2017 approved in-principle (i) the listing and quotation of the Rights Shares, (ii) the admission to the Official List and the listing of the Warrants to be issued and (iii) the listing of new Tadmax Shares to be issued pursuant to the exercise of the Warrants, and further subject to the conditions as stated in the Circular to Shareholders dated 17 April 2017. The shareholders of the Company approved the Proposed Rights Issue with Warrants at the Extraordinary General Meeting held on 16 May 2017.

On 22 May 2017, the Company announced that it has fixed the issue price for the Rights Shares at RM0.40 per Right Share whilst the exercise price of the Warrants at RM0.40 per Warrant for the first four years of issuance and RM0.50 per Warrant from the end of the fourth anniversary of the issue date up to the maturity date of the Warrants.

On 27 September 2017, on application by the Company, Bursa Securities had resolved to grant Tadmax an extension of time until 30 March 2018 to complete the Rights Issue with Warrants.

On 23 November 2017, the Board has resolved to terminate the Rights Issue with Warrants in view that the Vendors of WMB (where the Company acquired the remaining 45% equity interests in WMB) have on 23 November 2017 entered into a settlement agreement for the full and final settlement to be settled through the issuance of new Tadmax Shares. Further, the Board has approved an alternative means of fund raising in lieu of the Rights Issue with Warrants.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposals are expected to be implemented and completed within the first half of 2018, upon obtaining your approval at our forthcoming EGM.

13. EGM

The EGM of the Company will be held at at Room KL 1, KL Seafood Market, Restoran 1, Aras 5, Ruang Letak Kereta Bertingkat, Seksyen 59, Jalan Cenderawasih, Taman Tasik Perdana, 50480 Kuala Lumpur on Friday, 23 February 2018 at 10.30 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposals.

Shareholders are advised to refer to the Notice of EGM and the Proxy Form which are enclosed in this Circular. Voting on the resolutions tabled at the EGM will be by way of poll.

Subject to the Company's Constitution, Shareholders may appoint a proxy or proxies to attend and vote on behalf of the Shareholders. If the Shareholders decide to do so, they must lodge the completed Proxy Form at the Registered Office of Tadmax Resources Berhad at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan by 10.30 a.m. on 21 February 2018, which is not less than 48 hours before the date and time of the EGM as indicated above. The lodging of the Proxy Form will not preclude the Shareholders from attending and voting in person at the EGM should the Shareholders subsequently decide to do so.

14. FURTHER INFORMATION

Please refer to the attached appendix for further information.

Yours faithfully,
for and on behalf of the Board of Directors of
TADMAX RESOURCES BERHAD

TAN SRI DATUK DR ABDUL SAMAD BIN HAJI ALIAS
Chairman / Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. Our Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or facts which, if omitted, would make any statement in the Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

Kenanga IB, being the Adviser and Placement Agent for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references to its name in the form and context in which they appear in this Circular.

Kenanga IB is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Adviser for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

As at the LPD, save as disclosed below, our Board is not aware of any material commitments incurred or known to be incurred by our Group except for the below capital commitments :

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	1,774
- Authorised and not contracted for	16,598
	18,372

3.2 Contingent liabilities

As at the LPD, save as disclosed below, our Board is not aware of any contingent liabilities incurred or known to be incurred by the Group, which may, upon becoming enforceable, have a material impact on the Group's financial position or business except for the below financial liabilities by the Company :

Financial Liabilities	RM'000
Corporate guarantees given to licenced financial institutions for credit facilities granted to subsidiaries	218,381
Corporate guarantees given to trade suppliers of subsidiary companies for credit facilities granted to subsidiaries	1,500

4. MATERIAL LITIGATION

As at the LPD, neither our Company nor any of our subsidiaries is involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings that may materially and adversely affect our Group's financial position or business.

5. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, the Board is not aware of any material contracts, not being contracts entered into in the ordinary course of business by the Tadmax Group during the 2 years immediately preceding the LPD:

- (i) On 17 March 2016, the Company entered into a subscription agreement with IASB, IJSB and GSSB and WMB ("SA") to subscribe for 55% equity interest in WMB for a total subscription price of RM550,000. The SA was completed on 17 March 2016.
- (ii) On 24 June 2016, the Company entered into an agreement with Inai Kiara Sdn Bhd to mutually revoke the sale and purchase of 100% shareholding in Kirana Abadi Sdn Bhd (now known as Tadmax Indah Power Sdn Bhd) ("Mutual Termination Agreement"). The Company and Inai Kiara Sdn Bhd had entered into a share sale agreement dated 28 April 2014 ("SSA") for the sale and purchase of 2 shares representing 100% equity interest in Kirana Abadi Sdn Bhd for a total agreed sum of RM48,351,600. Pursuant to the execution of the mutual termination agreement, the parties agreed to an amicable revocation and/or rescission of the SSA.
- (iii) On 22 July 2016, the Company entered into a share sale agreement with IASB, IJSB and GSSB and WMB ("SSA") to acquire the remainder 45% equity interest in WMB, a company which has obtained development's rights for the development of 3,032 units of apartments on a piece of leasehold land known as HS(D)120080, Lot PT 26890, Mukim Batu, Jalan Metro Perdana Barat, Taman Metropolitan, Kepong, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring 40,819.50 square metres for a total cash consideration of RM42,000,000. The SSA was completed on 22 July 2016.

On 24 January 2017, 5 May 2017 and 7 July 2017, the parties entered into supplemental agreements to the SSA ("Supplemental Agreements") whereby the parties have agreed to vary and amend the payment term for the remaining balance purchase consideration of RM32.5 million to be paid in a single lump-sum on or before 31 July 2018.

- (iv) On 3 August 2016, the Company received a CLoA for the development of the Power Plant Project which will be situated on Tadmax Group's existing land in Pulau Indah, Selangor Darul Ehsan.

Please refer to Section 2.3 for further information of the Power Plant Project.

- (v) On 10 November 2017, Tadmax signed a Joint Development Agreement with KEPCO. The Joint Development Agreement was entered into for the purpose of working and preparing together, the technical and financial proposals required to be submitted to the EC by 1 August 2018. Further, the Joint Development Agreement was entered into to be in compliance with the EC's letter dated 13 September 2017 for a suitable and active technical partner for the Power Plant Project.

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6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of the Company;
- (ii) Consolidated audited financial statements of Tadmax for the past 2 financial years and the unaudited consolidated financial statement of Tadmax for the latest financial period;
- (iii) Letter of consent referred to in to section 2 of Appendix I above;
- (iv) By-Laws of the ESOS;
- (v) Unconditional share sale agreement in respect of WMB Acquisition dated 22 July 2016;
- (vi) First, second and third supplemental agreements in relation to the WMB Acquisition dated 24 January 2017, 5 May 2017 and 7 July 2017, respectively;
- (vii) Directors Settlement Agreements dated 23 November 2017; and
- (viii) Vendors Settlement Agreement dated 23 November 2017.

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TADMAX RESOURCES BERHAD

(Company No. 8184-W)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of Tadmax Resources Berhad ("TADMAX" or "Company") will be held at Room KL 1, KL Seafood Market, Restoran 1, Aras 5, Ruang Letak Kereta Bertingkat, Seksyen 59, Jalan Cenderawasih, Taman Tasik Perdana, 50480 Kuala Lumpur on Friday, 23 February 2018 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION 1 - PROPOSED PRIVATE PLACEMENT

PROPOSED PRIVATE PLACEMENT OF UP TO TWENTY PERCENT (20%) OF THE TOTAL NUMBER OF ISSUED SHARES OF TADMAX (EXCLUDING TREASURY SHARES, IF ANY) ("PROPOSED PRIVATE PLACEMENT")

"**THAT**, subject to the approval of all relevant authorities, approval be and is hereby given to the Directors of the Company to allot and issue new ordinary shares of Tadmax ("**Tadmax Shares**"), of up to twenty percent (20%) of the total number of issued shares of Tadmax for the time being to independent third party investors to be identified at a later date, ("**Placement Shares**"), to meet the Group's funding requirement of its Power Plant Project and property development cost for the Tadmax Group's property development project in Ganggarak Permai, Federal Territory of Labuan ("**Ganggarak Project**") as disclosed in the Circular to Shareholders dated 5 February 2018, as the Directors may deem fit, at an issue price to be determined by reference to the five (5)-day volume weighted average market price ("**VWAP**") of Tadmax Shares immediately preceding the price-fixing date to be determined, after obtaining all the relevant approvals for the Proposed Private Placement. The issue price for the Placement Shares will be based on a discount, if any, of not more than ten percent (10%) to the five (5)-day VWAP of Tadmax Shares immediately preceding the Price-Fixing Date. In any case, the final issue price of the Placement Shares shall be determined separately in accordance with market-based principles as mentioned above;

AND THAT the Placement Shares to be issued shall, upon allotment and issue, rank *pari passu* in all respects with the existing Tadmax Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Tadmax Shares;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps and do all things as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Private Placement with full power to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities and to do all such acts and things as they may consider necessary or expedient in the best interests of the Company."

ORDINARY RESOLUTION 2 - PROPOSED DIRECTORS CAPITALISATION WITH DATUK SERI ANUAR BIN ADAM

PROPOSED PARTIAL SETTLEMENT OF DEBT OWING TO DATUK SERI ANUAR BIN ADAM ("DSAA") VIA THE ISSUANCE OF NEW ORDINARY SHARES IN TADMAX ("TADMAX SHARE(S)") ("SETTLEMENT SHARE(S)") AT AN ISSUE PRICE OF RM0.36 PER TADMAX SHARE ("PROPOSED DSAA CAPITALISATION ")

“THAT, subject to the approvals of all relevant authorities or parties being obtained (if required), and the conditions precedent in the debt settlement agreement dated 23 November 2017 entered into between the Company and DSAA (**“Debt Settlement Agreement with DSAA”**) being fulfilled or waived (as the case may be), approval be and is hereby given for the Company to:

- (i) allot and issue the Settlement Shares to DSAA at an issue price of RM0.36 per Tadmax Share, being the partial settlement of debt owing by Tadmax to DSAA amounting to RM11,000,000, upon the terms and subject to the conditions as set out in the Debt Settlement Agreement with DSAA;
- (ii) such Settlement Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Tadmax Shares, save and except that the Settlement Shares shall not be attached with or carry any entitlement to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for or derived during the period preceding the date of allotment and issuance of the Settlement Shares.

AND THAT the Board be and is hereby authorised and empowered to take all such measures and do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate to procure and give full effect to the Proposed DSAA Capitalisation with full power to negotiate, approve, agree and/or assent to any conditions, modifications, variations and/or amendments in any manner as may be required, at their discretion and/or imposed or required by the relevant authorities and/or parties or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute, sign and deliver all such documents and/or agreements with any party or parties, and to take all such measures as it may deem fit, necessary, expedient, appropriate and/or in the best interests of the Company.”

ORDINARY RESOLUTION 3 - PROPOSED DIRECTORS CAPITALISATION WITH DATUK GAN SEONG LIAM

PROPOSED FULL SETTLEMENT OF DEBT OWING TO DATUK GAN SEONG LIAM (“DGSL”) VIA THE ISSUANCE OF NEW ORDINARY SHARES IN TADMAX (“TADMAX SHARE(S)”) (“SETTLEMENT SHARE(S)”) AT AN ISSUE PRICE OF RM0.36 PER TADMAX SHARE (“PROPOSED DGSL CAPITALISATION”)

“THAT, subject to the approvals of all relevant authorities or parties being obtained (if required), and the conditions precedent in the debt settlement agreement dated 23 November 2017 entered into between the Company and DGSL (**“Debt Settlement Agreement with DGSL”**) being fulfilled or waived (as the case may be), approval be and is hereby given for the Company to:

- (i) allot and issue the Settlement Shares to DGSL at an issue price of RM0.36 per Tadmax Share, being the full settlement of debt owing by Tadmax to DGSL amounting to RM6,000,000, upon the terms and subject to the conditions as set out in the Debt Settlement Agreement with DGSL;
- (ii) such Settlement Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Tadmax Shares, save and except that the Settlement Shares shall not be attached with or carry any entitlement to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for or derived during the period preceding the date of allotment and issuance of the Settlement Shares.

AND THAT the Board be and is hereby authorised and empowered to take all such measures and do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate to procure and give full effect to the Proposed DGSL Capitalisation with full power to negotiate, approve, agree and/or assent to any conditions, modifications, variations and/or amendments in any manner as may be required, at their discretion and/or imposed or required by the relevant authorities and/or parties or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute, sign and deliver all such documents and/or agreements with any party or parties, and to take all such measures as it may deem fit, necessary, expedient, appropriate and/or in the best interests of the Company.”

ORDINARY RESOLUTION 4 - PROPOSED VENDORS CAPITALISATION

PROPOSED FULL SETTLEMENT OF DEBT OWING TO VENDORS OF WMB VIA THE ISSUANCE OF NEW ORDINARY SHARES IN TADMAX (“TADMAX SHARE(S)”) (“SETTLEMENT SHARE(S)”) AT AN ISSUE PRICE OF RM0.36 PER TADMAX SHARE (“PROPOSED VENDORS CAPITALISATION”)

“**THAT**, subject to the approvals of all relevant authorities or parties being obtained (if required), and the conditions precedent in the debt settlement agreement dated 23 November 2017 entered into between the Company and the Vendors of Wawasan Metro Bina Sdn Bhd (“**WMB**”) (comprising Inas Angkasa Sdn Bhd, Impiria Jaya Sdn Bhd and Global Showcase Sdn Bhd) (“**Vendors**”) (“**Debt Settlement Agreement with the Vendors of WMB**”) being fulfilled or waived (as the case may be), approval be and is hereby given for the Company to:

- (i) allot and issue the Settlement Shares to the Vendors of WMB at an issue price of RM0.36 per Tadmax Share, being the full settlement of debt owing by Tadmax to the Vendors of WMB totaling RM32,500,000, upon the terms and subject to the conditions as set out in the Debt Settlement Agreement with the Vendors of WMB;
- (ii) such Settlement Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Tadmax Shares, save and except that the Settlement Shares shall not be attached with or carry any entitlement to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for or derived during the period preceding the date of allotment and issuance of the Settlement Shares.

AND THAT the Board be and is hereby authorised and empowered to take all such measures and do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate to procure and give full effect to the Proposed Vendors Capitalisation with full power to negotiate, approve, agree and/or assent to any conditions, modifications, variations and/or amendments in any manner as may be required, at their discretion and/or imposed or required by the relevant authorities and/or parties or deemed necessary by the Board, to deal with all matters incidental, ancillary to and/or relating thereto, to take all such steps and to execute, sign and deliver all such documents and/or agreements with any party or parties, and to take all such measures as it may deem fit, necessary, expedient, appropriate and/or in the best interests of the Company.”

ORDINARY RESOLUTION 5 - PROPOSED DIVERSIFICATION

PROPOSED DIVERSIFICATION IN OPERATIONS CARRIED ON BY TADMAX TO INCLUDE ENERGY BUSINESS (“PROPOSED DIVERSIFICATION”)

“**THAT** approval be and is hereby given to the Company to diversify the business of the Group to include the design, construction, operation and maintenance of the combined cycle gas-fired power plant, and generation and sale of electrical energy as an Independent Power Producer (“**Energy Business**”).

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Diversification with full power to assent to any conditions, modifications, variations and/or amendments in any manner whatsoever as may be required by the relevant authorities and to take all such steps and to do all such acts, deeds and things and execute all such documents as they may deem necessary or expedient in the best interests of the Company.”

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ORDINARY RESOLUTION 6 - PROPOSED VARIATION TO THE TERMS OF THE ESOS

PROPOSED VARIATION TO THE TERMS OF THE BY-LAWS GOVERNING THE EXISTING EMPLOYEES' SHARE OPTION SCHEME OF TADMAX ("ESOS") ("BY-LAWS") TO INCORPORATE THE CHANGES PURSUANT TO THE ENFORCEMENT OF THE COMPANIES ACT 2016 ("ACT") ON 31 JANUARY 2017 ("PROPOSED VARIATION TO THE TERMS OF THE ESOS")

"THAT approval be and is hereby given for the Company to amend, modify and/or vary the existing By-Laws to incorporate the changes pursuant to the enforcement of the Act on 31 January 2017;

THAT the Board of Directors of Tadmax be and is hereby authorised to take such steps as are necessary or expedient to implement, finalise or to give full effect to the Proposed Variation to the Terms of the existing employees' share option scheme of the Company ("**ESOS**") with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be required, imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interests of the Company and to sign, execute, deliver on behalf of the Company all such agreements, arrangements, documents and any other ancillary agreements and documents in relation thereto as may be necessary to give full effect to, complete and implement the Proposed Variation to the Terms of the ESOS as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interests of the Company;

AND THAT the amended By-Laws as set out in the Circular to Shareholders dated 5 February 2018 in respect of, among others, the Proposed Variation to the Terms of the ESOS be and is hereby approved and adopted."

BY ORDER OF THE BOARD

Pow Tuck Weng (MIA 8046)
Chew Mei Ling (MAICSA 7019175)
Company Secretaries

Petaling Jaya
5 February 2018

NOTES:

1. Only members whose names appear in the Record of Depositors as at 13 February 2018 will be entitled to attend and vote at the EGM.
2. A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its common seal, or the hand of its attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time set for holding the meeting or any adjournment thereof.



TADMAX RESOURCES BERHAD (8184-W)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

CDS Account No.

*I/We(name as per NRIC/ Passport , in capital letters)

NRIC No./ Passport No./ Company No.(new).....(old)

of(full address)

being a member(s) of Tadmax Resources Berhad, hereby appoint

..... (name of proxy as per NRIC/ Passport, in capital letters)

NRIC No./ Passport No.....(new).....(old)

of(full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Room KL 1, KL Seafood Market, Restoran 1, Aras 5, Ruang Letak Kereta Bertingkat, Seksyen 59, Jalan Cenderawasih, Taman Tasik Perdana, 50480 Kuala Lumpur on Friday, 23 February 2018 at 10.30 a.m. or at any adjournment thereof.

* My/our proxy is to vote as indicated below:-

ORDINARY RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1 - PROPOSED PRIVATE PLACEMENT		
ORDINARY RESOLUTION 2 - PROPOSED DIRECTORS CAPITALISATION WITH DSAA		
ORDINARY RESOLUTION 3 - PROPOSED DIRECTORS CAPITALISATION WITH DGSL		
ORDINARY RESOLUTION 4 - PROPOSED VENDORS CAPITALISATION		
ORDINARY RESOLUTION 5 - PROPOSED DIVERSIFICATION		
ORDINARY RESOLUTION 6 - PROPOSED VARIATION TO THE TERMS OF THE ESOS		

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

.....
Signature/Common Seal

.....
Numbers of shares held

.....
Date

NOTES:

- Only members whose names appear in the Record of Depositors as at 13 February 2018 will be entitled to attend and vote at the EGM.
- A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its common seal, or the hand of its attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2D, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time set for holding the meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
TADMAX RESOURCE BERHAD (8184-W)
No. 2D, Jalan SS 6/6, Kelana Jaya,
47301 Petaling Jaya, Selangor Darul Ehsan

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