

MCLEAN TECHNOLOGIES BERHAD (“MCLEAN” OR THE “COMPANY”)

- (I) PROPOSED PRIVATE PLACEMENT;**
 - (II) PROPOSED ACQUISITION;**
 - (III) PROPOSED DIVERSIFICATION; AND**
 - (IV) PROPOSED SHARE CAPITAL REDUCTION**
- (COLLECTIVELY, THE “PROPOSALS”)**

(Unless stated otherwise or defined herein, the abbreviations used in this announcement shall be as defined in Appendix I. Certain figures in this announcement are subject to rounding adjustments)

1 INTRODUCTION

On 8 October 2024, TA Securities announced on behalf of the Board that the Company proposed to undertake the following:

- (i) proposed private placement of up to 49,300,000 new MClean Shares representing approximately 25% of the total number of issued MClean Shares (excluding any treasury shares);
- (ii) proposed acquisition by MClean of the Plastic Business of WTE for a total purchase consideration of RM6,036,000 to be satisfied entirely in cash;
- (iii) proposed diversification of the business activities of MClean Group to include plastic injection moulding business; and
- (iv) proposed reduction of up to RM35,000,000 of the issued share capital of MClean pursuant to section 117 of the Act.

In view of the interests of the related parties as set out in **Section 12** of this announcement, the Proposed Acquisition is deemed a related party transaction under Rule 10.08 of the Listing Requirements. Accordingly, Strategic Capital has been appointed as the Independent Adviser to advise the non-interested shareholders of MClean in relation to amongst others, the Proposed Acquisition on whether the Proposed Acquisition is fair and reasonable and whether the transaction is to the detriment of the non-interested shareholders of MClean.

The Board intends to implement the Proposed Private Placement first, followed by the implementation of the Proposed Acquisition and thereafter, the Proposed Share Capital Reduction.

2 PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

As at the LPD, MClean has 197,213,000 issued Shares and does not have any treasury shares or convertible securities.

The Proposed Private Placement entails the issuance of up to 49,300,000 Placement Shares representing approximately 25% of the total number of issued MClean Shares (excluding any treasury shares).

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2.2 Placement arrangement

The Company intends to place out the Placement Shares to a major shareholder as well as independent third party investors to be identified later as follows:

Proposed placees	Relationship	No. of Placement Shares allocated	%	Total indicative amount to be raised* (RM)
Accrelist Crowdfunding	A major shareholder of MClean	Up to 25,000,000	50.71	6,250,000.00
Independent third party investors	Not related to the Interested Person and/or person connected to them	24,300,000	49.29	6,075,000.00
Total		Up to 49,300,000	100.00	12,325,000.00

Note:

* Based on the indicative issue price of RM0.25 per Placement Share.

The allocation of up to 25,000,000 Placement Shares to Accrelist Crowdfunding is for Accrelist Crowdfunding to support the Proposed Private Placement, being a major shareholder of MClean, and to inspire investment confidence in MClean.

The Proposed Private Placement will not result in the shareholding of Accrelist Crowdfunding to exceed 33% of the issued share capital of MClean upon completion of the Proposed Private Placement. The subscription of the Placement Shares by Accrelist Crowdfunding pursuant to the Proposed Private Placement will not give rise to any consequences of mandatory general offer obligations pursuant to the Code and the Rules. Accrelist Crowdfunding has undertaken to observe and comply at all times with the provisions of the Code and the Rules.

The final number of the Placement Shares that Accrelist Crowdfunding will subscribe will also take into accounts the interests from independent third-party investors, the market conditions and MClean's share price movement at the prevailing time. In the event that Accrelist Crowdfunding is unable to subscribe for all or part of 25,000,000 Placement Shares for whatever reasons including those abovementioned, such number of Placement Shares not subscribed by Accrelist Crowdfunding shall be placed out to independent third party investors to be identified at a later date.

The Proposed Private Placement is not expected to result in any breach of the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding any treasury shares) are in the hands of public shareholders.

The issue price of the Placement Shares shall be fixed by the Board at a later date after obtaining the relevant approvals for the Proposed Private Placement and with a discount of not more than 10% to the 5-day VWAP of MClean Shares immediately preceding the price fixing date(s). The Board (save for Terence and Chuah Ai Wen) is of the opinion that the discount of up to 10% will be able to provide the Company with more flexibility when fixing the issue price of the Placement Shares and will increase the attractiveness for the placees to subscribe for the Placement Shares from time to time with an aim to raise the required funds as set out in **Section 2.7** of this announcement.

The subscription of the Placement Shares (including the allocation to Accrelist Crowdfunding) may be implemented in tranches within 6 months after the receipt of all relevant approvals for the Proposed Private Placement and shall depend on the investors' interest at the point of implementation of the Proposed Private Placement. As such, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation of the Proposed Private Placement.

The issuance of the Placement Shares will dilute the percentages of existing shareholders' shareholdings in the Company (other than Accrelist Crowdfunding, if it subscribes to the Placement Shares). However, such dilutive effect is also expected to be mitigated as the proceeds to be raised from the Proposed Private Placement would be used mainly to fund the Purchase Consideration and the working capital requirements for the Plastic Business which will in turn improve the financial position of the Group. The issue price of the Placement Shares will not affect the shareholdings of the existing shareholders in the Company.

2.3 Information of the placees

(i) Accrelist Crowdfunding

Accrelist Crowdfunding was incorporated in Singapore under the Companies Act 1967 of Singapore on 20 December 2016 as a private limited company. It is principally involved in the provisions of financial services. As at the LPD, its share capital is SGD700,000 and USD1 (equivalent to RM2,264,010 and RM4.166) comprising 70,000 ordinary shares. The sole director of Accrelist Crowdfunding is Loh Eng Lock Kelvin.

Accrelist Crowdfunding is a wholly-owned subsidiary of Accrelist, a company listed on the Catalist of SGX-ST.

As at the LPD, save for its investment in MClean, Accrelist Crowdfunding does not have any subsidiary or associated company.

As at the LPD, save for Accrelist Crowdfunding and Terence, none of Accrelist Crowdfunding's directors, shareholders and persons connected to them have any direct or indirect interest in MClean.

Upon completion of the Proposed Private Placement, the shareholding of Accrelist Crowdfunding in MClean is as follows:

	As at the LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Accrelist Crowdfunding ⁽¹⁾	56,269,397	28.53	-	-	81,269,397	32.97	-	-
Terence ⁽²⁾	-	-	56,269,397	28.53	-	-	81,269,397	32.97

Notes:

- (1) Assuming Accrelist Crowdfunding subscribes to the total allocation of 25,000,000 Placement Shares and the remaining 24,300,000 Placement Shares are subscribed by independent third party investors.
- (2) Deemed interested by virtue of his interest in Accrelist Crowdfunding (through Accrelist) pursuant to Section 8 of the Act.

(ii) Independent third party investors

The Company intends to place up to 24,300,000 Placement Shares and any Placement Shares not subscribed by Accrelist Crowdfunding to independent third party investors to be identified at future date(s) and who are not any of the following:

- (a) an Interested Person;
- (b) a person connected with an Interested Person; and
- (c) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The precise terms and conditions of the Proposed Private Placement, including the details of the placees, the allocation of the Placement Shares and the issue price of the Placement Shares, will only be determined at a later date after the receipt of all relevant approvals for the Proposed Private Placement.

2.4 Basis and justification of determining the issue price of the Placement Shares

The issue price of the Placement Shares shall be determined and fixed by the Board at a later date (“**Price Fixing Date**”), after the receipt of all requisite approvals for the Proposed Private Placement.

The Placement Shares will be priced at not more than 10% discount to the 5-day VWAP of MClean Shares immediately before the Price Fixing Date.

The indicative issue price of RM0.25 per Placement Share represents a discount of approximately 7.95% to the 5-day VWAP of MClean Shares up to and including the LPD of RM0.2716 per Share.

Premised on the above, the Board (save for Terence and Chuah Ai Wen) is of the opinion that the maximum discount of 10% is reasonable and justifiable as it is able to provide the Company more flexibility when fixing the issue price of the Placement Shares and is sufficiently attractive for the places to subscribe for the Placement Shares with an aim to raise the required funds for MClean Group.

2.5 Ranking of the placement shares

Upon allotment and issuance, the Placement Shares shall rank equally in all respects with the then existing Shares.

2.6 Listing and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing and quotation for the Placement Shares on the ACE Market of Bursa Securities which is expected to be submitted within 1 month from the date of this announcement.

2.7 Utilisation of proceeds

Based on the indicative issue price of RM0.25 per Placement Share, the proceeds from the Proposed Private Placement are intended to be used by MClean Group in the following manner:

Purposes	Notes	(RM'000)	Expected time frame for use of proceeds (from the listing date of the Placement Shares)
Purchase Consideration	(1)	6,036	Within 6 months
Working capital requirements for the Plastic Business	(2)	5,639	Within 24 months
Estimated expenses for the Proposals	(3)	650	Immediately
Total proceeds		12,325	

Notes:

- (1) The Group intends to utilise the proceeds of up to RM6.04 million to fund the Purchase Consideration. Further details of the Proposed Acquisition are as set out in **Section 3** of this announcement.
- (2) The Group intends to utilise the proceeds of up to RM5.64 million for its working capital for the Plastic Business in the following manner:

Purposes	(RM'000)
Payment for the trade and other payables related to the purchase of raw materials such as plastic resins, including polypropylene, polyethylene and high-impact polystyrene, which are essential for the plastic injection moulding process	4,139
Factory related expenses (including utilities expenses, factory rental, and upkeep of factory), staff related expenses (such as salaries, allowances, statutory contribution and staff welfare), and other miscellaneous items (such as audit fees, professional fees, consultancy fees and secretarial fees)	1,000

Purposes	(RM'000)
Payment for the regular maintenance checks, spare parts procurement and contracts with third-party service providers to ensure optimal condition of the operating machineries for the production runs	500
Total	5,639

- (3) Being the estimated expenses incidental to the Proposals, such as professional fees, fees to relevant authorities, placement fees and other miscellaneous expenses which include expenses for EGM and printing of the circular.

Any surplus or shortfall for the payment of estimated expenses for the Proposals will be adjusted accordingly against any category of the amount allocated for the working capital requirements for the Plastic Business.

The actual proceeds to be raised from the Proposed Private Placement will depend on the issue price(s) of the Placement Shares and the number of Placement Shares issued. In the event the actual proceeds raised from the Proposed Private Placement varies from the above estimated gross proceeds, the proceeds raised will be first utilised to defray the expenses for the Proposals as the expenses for the Proposals are to be incurred immediately upon the completion of the Proposed Private Placement. The remaining proceeds will be utilised for the payment of the Purchase Consideration and working capital requirements for the Plastic Business.

Pending utilisation of the proceeds to be raised from the Proposed Private Placement, the proceeds may be placed in deposits with financial institutions and/or short-term money market instruments. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements for the Plastic Business.

2.8 Previous fund-raising exercises in the past 12 months

The Company had not undertaken any fund-raising exercise in the past 12 months prior to the LPD.

3 PROPOSED ACQUISITION

On 8 October 2024, MClean had entered into the SPA with WTE for the acquisition of the Plastic Business of WTE for the Purchase Consideration.

The salient terms of the SPA are set out in **Appendix II** of this announcement.

31 August 2024 was fixed as the cut-off date for the purpose of calculating the NBV for the Plastic Business of WTE to be acquired pursuant to the Proposed Acquisition and was mutually agreed upon as a recent and suitable date to determine the NBV for the Plastic Business of WTE in view of the availability of the latest financial information of WTE.

MClean will incorporate a wholly-owned subsidiary company in Malaysia to undertake the Plastic Business in Malaysia. As at the LPD, MClean is in the midst of incorporating the said subsidiary.

3.1 Basis of and justification for the Purchase Consideration

The Purchase Consideration for the Plastic Business of WTE was arrived at on a “willing-buyer and willing-seller” basis, after taking into consideration the following:

- (i) the total NBV of the Plastic Business of WTE as at 31 August 2024, the details of which are as follows:

Name	Description	NBV (RM'000)
Account receivables	Amounts due from the trade debtors of the Vendor for the Plastic Business of WTE as at 31 August 2024	3,008

Name	Description	NBV (RM'000)
Inventories	Comprising all stocks, work in progress, finished and semi-finished goods as well as packaging materials for the Plastic Business of WTE as at 31 August 2024	1,753
Plant and machinery - Moulding ⁽¹⁾	Plant and machinery to be used for the process of moulding the plastic that will be used to produce parts and components	528
Deposits and pre-payments	Includes, amongst others, the deposits for the rental of the factory, electricity supply, telephone installation, copier machines, hostel for employees and pre-payments for the insurance premium for the operation of the Plastic Business of WTE as at 31 August 2024	527
Plant and machinery – Tooling ⁽²⁾	Plant and machinery to be used for the process of designing, cutting, shaping and forming materials that will be used to produce parts and components	89
Advance payments to the suppliers	Advance payments made by the Vendor to the suppliers for the purchase of raw materials for the Plastic Business of WTE as at 31 August 2024	72
Electrical fittings and built in systems for the Plastic Business of WTE ⁽³⁾	Components and devices installed in the factory to support the operations of the Plastic Business	44
Factory equipment and accessories ⁽⁴⁾	General equipment in the factory used for assembling, repairing, or maintaining machinery and parts as well as furniture fittings	15
	Total NBV	6,036

Notes:

(1) The list of plant and machinery – moulding to be acquired consist of the following:

Name	Description	NBV (RM'000)
Temperature control unit, local exhaust ventilation and chimney and industrial water cool chiller	Ensures that the plastic injection moulding machines maintain consistent temperatures during the moulding process, crucial for achieving precise and high-quality moulded products	161
Robotic arms and accessories	Automated systems designed to handle post-moulding processes such as part removal, trimming and packaging plastic components	135
Refrigerant air dryer	Machinery for removing moisture from compressed air systems, essential in preventing condensation during the plastic injection process	11
Plastic injection moulding machines	Machinery for the moulding, design, melting and injection of plastic into moulds to form various components	221
	Total NBV	528

- (2) The list of plant and machinery – tooling to be acquired consist of the following:

Name	Description	NBV (RM'000)
Mold bases and tooling equipment	Mold bases are the foundation for moulds used in injection moulding or casting processes	76
Welding machines and accessories	Tools used in conjunction with a welding machine to hold and position parts during welding operations, ensuring precision and consistency in the welds	13
Total NBV		89

- (3) The list of electrical fittings and built in systems for the Plastic Business of WTE to be acquired consist of the following:

Name	Description	NBV (RM'000)
Operational hardware and software for plastic injection moulding	Hardware (computers, interfaces and controllers) and software necessary for monitoring, controlling and optimising the moulding injection plastic process. The software may handle tasks like machine calibration, real-time monitoring, production scheduling and predictive maintenance	44
Total NBV		44

- (4) The list of factory equipment and accessories to be acquired consist of the following:

Name	Description	NBV (RM'000)
Factory equipment and infrastructure for the Plastic Business of WTE	Broad range of equipment such as tools, machinery, conveyors and safety infrastructure necessary to support the day-to-day operations of the plastic injection moulding business	15
Total NBV		15

Pursuant to the terms of the SPA:

- (a) the Purchaser or its subsidiary will enter into the novation agreement with the Vendor and the landlord of the factory located at No. 10, Jalan Istimewa 7, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, measuring approximately 62,549 square feet in area (“**Rented Property**”) after the completion of the Proposed Acquisition, to transfer the rental rights and obligation of the Rented Property to the Purchaser or its subsidiary. The existing rental rate of the Rented Property is RM73,599 per month. The Purchaser or its subsidiary will continue to undertake the business operation of the Plastic Business at the Rented Property after the completion of the Proposed Acquisition;
- (b) the Purchaser or its subsidiary will obtain the required business licenses, certifications and permits for the operation of the Plastic Business prior to the completion of the Proposed Acquisition.

The details of which are as follows:

Item	Authorities/government agencies	Approvals
(i)	Local municipal council	Licenses to use the Rented Property for the Plastic Business, advertisement, storage and factory operations
(ii)	Royal Malaysian Customs Department	License to carry out manufacturing and warehousing of goods liable to customs duties
(iii)	Ministry of Investment, Trade and Industry of Malaysia	Manufacturing licence to carry out manufacturing activities at the Rented Property

- (c) the Purchaser or its subsidiary will recruit the existing employees of the Vendor that are involved in the Plastic Business, who possess technical and operational expertise in plastic injection moulding, to support and expand the Plastic Business of MClean Group.

The details of the existing employees of WTE that will be hired by the Purchaser or its subsidiary upon the completion of the Proposed Acquisition are as follows:

Department	Description of job functions	Number of personnel
Production	Oversees production operations including operators, supervisors, and technicians responsible for moulding, maintenance and general production tasks	38
Assembly	Handles assembly operations, ensuring plastic components are assembled according to specifications	5
Material	Manages material handling processes and logistics related functions	7
Tooling	Responsible for mould maintenance and fabrication of tooling equipment	3
Administrative / Human Resources	Undertakes administrative and human resources functions and services	3
Quality assurance	Oversees quality assurance and control of plastic injection moulding process	6
Accounting	Manages financial transactions and accounting tasks	3
Project management	Manages business development and project execution tasks	2
Total		67

- (d) the Vendor will notify all the existing stakeholders of the Plastic Business of WTE (including the existing customers and/or suppliers of WTE) prior to the completion of the Proposed Acquisition, on the transfer of the rights and obligation of WTE pursuant to the existing sales and purchase arrangements, where applicable, to the Purchaser or its subsidiary. The Purchaser or its subsidiary will continue to deal with the existing customers and suppliers of WTE for MClean Group's Plastic Business as the case may be, after the completion of the Proposed Acquisition; and
- (e) the Vendor will transfer to the Purchaser or its subsidiary the ownership and the exclusive right to use the Vendor's name and logo, the right to use the business' name and all other trade names, copyrights and know-how to undertake the Plastic Business.
- (ii) the rationale and potential benefits to be accrued to MClean Group through the Proposed Acquisition. Further information is set out in **Section 6.2** of this announcement.

The Board (save for Terence and Chuah Ai Wen) is of the view that the Purchase Consideration is reasonable in view of the following:

- (i) the Purchase Consideration was based on the NBV of the Plastic Business of WTE as at 31 August 2024 which reflect the carrying value of the Plastic Business of WTE based on the unaudited financial statement of WTE as at 31 August 2024;
- (ii) the Management conducted a physical inspection of the machinery and equipment at WTE's operating facility to verify their operational condition, functionality, and suitability for the production of plastic components. This inspection included assessing the assets' capacity to meet the production requirements of MClean Group, ensuring minimal capital investment in upgrades or additional equipment needed post-acquisition;
- (iii) the machinery and equipment which are intended for the plastic injection moulding and production of industrial-grade plastic products are still in good working condition which extend their useful life and their remaining productive capacity, which support the long-term strategic goals of MClean Group's operations in plastic manufacturing; and
- (iv) all account receivables collected by the Vendor's Plastic Business after 31 August 2024 shall belong to MClean Group. The Vendor shall pay or cause to be paid all account receivables collected by the Vendor after 31 August 2024 to MClean Group upon receipt of the same or upon the completion of the Proposed Acquisition, whichever is later.

The Group expects to commence the operation for the Plastic Business in the 1st half of 2025 after the completion of the Proposed Acquisition.

3.2 Details of the Vendor

WTE is incorporated under the Companies Act 1965 on 17 September 2007 as a private limited company and is deemed registered under the Act. WTE is principally engaged in the business of manufacturing and dealers of precision plastic and metal moulding. As at the LPD, its share capital is RM16,035,654 comprising 16,035,654 ordinary shares. The directors of WTE are Terence and Chuah Ai Yin. Please refer to **Section 4.2** of this announcement for the profile of Terence.

WTE is a wholly-owned subsidiary of Jubilee Industries, which is a wholly-owned subsidiary of Jubilee. Jubilee is a 52.50%-owned subsidiary of Accrelist. Both Jubilee and Accrelist are listed on the Catalist of SGX-ST. As at the LPD, WTE does not have any subsidiary or associated company.

As at the LPD, Terence has an indirect interest of 56,69,397 MClean Shares (equivalent to approximately 28.53% equity interest in MClean) in view of his interest in Accrelist Crowdfunding (through Accrelist) pursuant to Section 8 of the Act. Chuah Ai Yin holds 75,000 MClean Shares (equivalent to approximately 0.04% equity interest in MClean) without any indirect interest in MClean and she does not have any direct or indirect interest in WTE. Save for Accrelist Crowdfunding, Terence and Chuah Ai Yin, none of WTE's directors, shareholders and persons connected to them have any direct or indirect interest in MClean.

As at the LPD, save for Accrelist Crowdfunding and Chuah Ai Yin, none of WTE's directors, shareholders and persons connected to them have any direct or indirect interest in MClean.

Please refer to **Section 12** of this announcement for further details on the relationship between the related parties pursuant to the Proposed Acquisition.

For the FYEs 31 March 2022 to 2024 and 5-months financial period ended ("5M-FPE") 31 August 2024, WTE and its subsidiaries ("WTE Group") recorded the following historical audited financial information:

	Audited			Unaudited
	FYE 31 March 2022 ⁽¹⁾ (RM'000)	FYE 31 March 2023 ⁽²⁾ (RM'000)	FYE 31 March 2024 ⁽³⁾ (RM'000)	5M-FPE 31 August 2024 (RM'000)
Revenue	93,858	73,151	32,963	5,315
(LBT) / PBT	(4,900)	(5,285)	(170)	76
(LAT) / PAT	(5,312)	(5,645)	(389)	76

Notes:

- (1) Comprising the contribution from WTE, HonFoong Plastic Industries Pte. Ltd. (a 70%-owned subsidiary of WTE based in Singapore) and PT HonFoong Plastic Industries (the wholly-owned subsidiary of HonFoong Plastic Industries Pte. Ltd. based in Indonesia). All of which are involved in the business of manufacturing and dealers of precision plastic and metal moulding, which manufactured different types of products that served different customer bases in different geographical markets.
- (2) Comprising the contribution from WTE, HonFoong Plastic Industries Pte. Ltd. (a 77.13%-owned subsidiary of WTE based in Singapore) and PT HonFoong Plastic Industries (the wholly-owned subsidiary of HonFoong Plastic Industries Pte. Ltd. based in Indonesia). WTE had on 31 January 2023, completed the subscription of additional 2,051,493 new ordinary shares or 7.13% equity interest in HonFoong Plastic Industries Pte. Ltd. for SGD2.05 million (equivalent to RM6.63 million) that increased the shareholdings of WTE in HonFoong Plastic Industries Pte. Ltd. from 70% to 77.13%.
- (3) WTE had on 29 September 2023, completed the disposal of 37.10% equity interest in HonFoong Plastic Industries Pte. Ltd. to Optium Gains International Limited for a total consideration of SGD1.86 million (equivalent to RM6.02 million). WTE had on 27 March 2024, completed the transfer of its 40% equity interest in HonFoong Plastic Industries Pte. Ltd. (an associate company of WTE) to its direct holding company, Jubilee Industries as part of internal restructuring within Jubilee group of companies. As at the LPD, HonFoong Plastic Industries Pte. Ltd. is an associated company to Jubilee Industries.

3.3 Types of products and target customers for the Plastic Business

At this juncture, WTE's Plastic Business manufactures and produces, amongst others, the following plastics moulding related products:



Cannister used in automotive industry



Housing Right used in automotive industry



Filter end cap used in electronic industry



Bazel used in E&E industry



Body probe used in medical industry

WTE presently serves the customers involved in E&E, automotive, oil and gas, and medical devices industries. These sectors require precision plastic parts for a wide range of applications, including electronic device housings, automotive interior and exterior components, connectors and other high-performance plastic parts. The increasing demand for lightweight and durable plastic components in these industries offers significant growth opportunities for the Group's plastic injection moulding business. Upon the completion of the Proposed Acquisition, MClean or its subsidiary will continue to supply the products to the existing customers of WTE's Plastic Business and any other potential new customers to be based on market rate on an arm's length basis.

3.4 Type of supplies and the suppliers for the Plastic Business

Polypropylene and polyethylene are the main raw materials that are used to manufacture moulded plastic components and they contribute to the majority of WTE's total purchases. Polypropylene and polyethylene represented approximately 65% to 70% of WTE's total inventory costs for the past 3 FYEs 31 March 2022 to 31 March 2024, respectively.

The suppliers for the polypropylene and polyethylene are local manufacturers in the plastic injection industry and chemical products wholesalers. Upon the completion of the Proposed Acquisition, MClean or its subsidiary will continue to purchase the supplies from the existing suppliers of WTE's Plastic Business and any other potential new suppliers subject to the transaction to be based on market rate on an arm's length basis.

3.5 Source of funding

The Proposed Acquisition shall be financed entirely via the proceeds to be raised from the Proposed Private Placement.

3.6 Liabilities to be assumed

Save for the liabilities arising from the ordinary course of the Plastic Business, there are no liabilities, including contingent liabilities and guarantees to be assumed by the Group arising from the Proposed Acquisition.

3.7 Additional financial commitment

Save for operational expenses to be incurred, there is no additional financial commitment required in putting Plastic Business on stream.

3.8 Original cost and date of investment

The total original cost of investment for the Plastic Business of WTE by WTE is RM30.80 million based on the assets purchase costs for the Plastic Business of WTE since the incorporation of WTE in 2007.

4 PROPOSED DIVERSIFICATION

4.1 Details of the Proposed Diversification

As at the LPD, the principal activity of the Company is investment holding whilst its subsidiaries are principally involved in the surface treatment for E&E products and precision cleaning for hard disk drives businesses. The Group recorded decrease in revenue of RM59.32 million for the FYE 31 December 2021 to RM47.84 million for the FYE 31 December 2023, which is mainly attributed to the weakening demand for precision cleaning and the surface treatment services due to the oversupply in the hard disk drives market. The Group recorded revenue of RM28.67 million for the 6M-FPE 30 June 2024. Please refer to **Section 7.7** of this announcement for further details of the commentaries on the historical financial information of MClean Group for the past 3 FYEs 31 December 2021 to 2023 and 6M-FPE 30 June 2024.

MClean Group has been contemplating an alternative income stream from which it can diversify its sources of revenue and profits in the future to supplement its existing businesses of surface treatment for E&E products and precision cleaning for hard disk drives businesses as well as to mitigate the risks of dependency on the existing businesses. As part of its diversification strategy, MClean Group has identified the Plastic Business as per rationale highlighted in **Section 6.2** of this announcement. The Board is also of the view that the plastic injection moulding industry in Malaysia has good growth prospects, given the favourable outlook and prospects of the industry, as set out in **Section 7.5** of this announcement.

After taking into consideration amongst others, the Proposed Acquisition as well as the expected revenue to be generated from the Plastic Business, the Board expects that the Plastic Business may contribute more than 25% of the net profits of the Group or cause a diversion of more than 25% of its NA moving forward. Accordingly, the Board proposes to seek approval from the shareholders of MClean for the Proposed Diversification pursuant to Rule 10.13(1) of the Listing Requirements, at an EGM to be convened.

Moving forward, the Group may further expand its Plastic Business' products range to include various other plastic injection moulding related-products depending on the request by customers for various usage purposes. The Group expects that it would require an initial amount of approximately RM7.00 million primarily as working capital for the Plastic Business for the next 12 months.

The Group's Proposed Diversification into the Plastic Business will be funded via a combination of part of the proceeds from the Proposed Private Placement (under the allocation for the working capital requirements for the Plastic Business), internally-generated funds, bank borrowings and/or future fundraising exercises for the above amount and future amounts. The breakdown of the funding sources has not been determined by the Group at this juncture.

Notwithstanding the Proposed Diversification, the Board remains committed and intends to continue with the Group's existing businesses of surface treatment for E&E products and precision cleaning for hard disk drives businesses.

4.2 Key management personnel

The Group has identified Terence to oversee the operations of the Plastic Business.

Terence, a Singaporean aged 56, has been the Executive Chairman of the Company since his appointment to the Board on 9 July 2024. He graduated with a Diploma in E&E Engineering from Singapore Polytechnic in May 1988. After his graduation in 1988, he joined Singapore's National Service programme and served in the Singapore Armed Forces until 1991.

Terence commenced his career in 1992 as a sales engineer at CMK Singapore (Pte.) Ltd., a Japanese PCB-manufacturing company, where he was responsible for managing sales and customer relations for PCB testing solutions. In 1995, he ventured into entrepreneurship by forming Strategics Circuit Test, which was incorporated as SCT on 8 February 1999 in Singapore. SCT specialised in electrical testing services and supplied critical PCB testing materials such as garolite, bakelite sheets, test probes, router bits and drill bits to PCB manufacturers.

Under his leadership, SCT expanded rapidly, driven by his hands-on involvement in business operations, strategic growth initiatives and fostering industry relationships. Terence was instrumental in guiding SCT's transition into Advance SCT Limited, a public limited company which was listed on the Catalist of SGX-ST in 2004. In 2006, he obtained a honorary Doctorate of Philosophy in Business Administration from Honolulu University, USA.

Terence's strategic acumen also extended to his role as Executive Director of both Accrelist and Jubilee, since his appointments on 11 March 2013 and 30 June 2014, respectively. Both Accrelist and Jubilee are listed on the Catalist of SGX-ST. Presently, he is the Executive Chairman and Chief Executive Officer of Jubilee and the Executive Chairman and Managing Director of Accrelist. His tenure at both companies has been marked by his ability to identify growth opportunities and steer them through challenging restructuring phases. Terence played a crucial role in rescuing Accrelist from near-liquidation, driving its transformation into a diversified entity with interests in high-growth sectors like medical aesthetics and electronics manufacturing.

From 2017 to 2020, he was appointed as the Executive Chairman of EG Industries Berhad where he oversaw the operations of electronic manufacturing services for computer peripherals and consumer E&E products.

His comprehensive industry experience, leadership skills and innovative vision make him particularly well-suited to lead the Group's expansion into the plastic injection moulding business. His extensive network, coupled with his technical knowledge in manufacturing and engineering, provides the expertise necessary to drive sustainable growth in this new venture.

Moving forward, upon obtaining the relevant approvals as stated in **Section 11** of this announcement and the commencement of the operations of the Plastic Business, the Group is expected to have 68 personnel including Terence to lead and manage the Plastic Business. The Group intends to continue recruiting more staff with the necessary technical expertise as and when required in tandem with the growth of the Plastic Business.

Based on the above, the Board believes that, by leveraging on the expertise of Terence, the Group has the capability, capacity and resources to diversify into the Plastic Business.

5 PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction entails the elimination of the Company's issued share capital pursuant to Section 117 of the Act via the cancellation of the Company's issued share capital of RM35,000,000.

The corresponding credit of RM35,000,000 arising from such cancellation will be used to set-off against the accumulated losses of the Company while the remaining balance will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

As at the LPD, the Company's issued share capital is RM50,973,332 comprising 197,213,000 Shares with no treasury shares.

For illustrative purposes only, the Proposed Share Capital Reduction will have the following effects:

	(Audited)		(Unaudited)	
	As at 31 December 2023		As at 30 June 2024	
	Company level	Group level	Company level	Group level
	RM	RM	RM	RM
Accumulated losses	(33,969,076)	(21,811,707)	(34,285,622)	(20,583,556)
Add: Credit arising from the Proposed Share Capital Reduction	35,000,000	35,000,000	35,000,000	35,000,000
Less: Estimated expenses for the Proposals	(650,000)	(650,000)	(650,000)	(650,000)
Resultant retained earnings	380,924	12,538,293	64,378	13,766,444

Subject to and subsequent to the approval for the Proposed Share Capital Reduction by the shareholders of the Company at the forthcoming EGM, the Proposed Share Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in:

- any adjustment to the reference share price of MClean Shares;
- any changes in the total number of MClean Shares in issue or the number of MClean Shares held by the shareholders of MClean;
- any payment to the shareholders of MClean; and

- (d) any cash outflow or change in the NA of the Group, save for the estimated expenses to be incurred in relation to the Proposals which will be funded from the proceeds to be raised from the Proposed Private Placement as set out in **Section 2.7** of this announcement.

6 RATIONALE FOR THE PROPOSALS

6.1 Proposed Private Placement

The Board is of the opinion that the Proposed Private Placement is necessary as part of the Proposals and it is the most appropriate avenue to raise funds after considering the following:

- (i) it is an expeditious way of accessing the capital markets to raise the funds to satisfy mainly the Purchase Consideration as it can be implemented immediately upon obtaining the shareholder's approval;
- (ii) it does not require the Company to procure underwriting arrangement (which will incur additional cost to the Company) and/or irrevocable undertaking from certain shareholders of the Company which is usually required for other fund raising exercise such as rights issue;
- (iii) it would strengthen the capital base of the Company and potentially improve the trading liquidity of MClean Shares on Bursa Securities as the number of issued MClean Shares will increase from 197,213,000 as at the LPD to 246,513,000 after the completion of the Proposed Private Placement, as set out in **Section 2** of this announcement; and
- (iv) it will strengthen the financial position of MClean Group, of which the share capital of MClean will increase from approximately RM50.97 million as at the LPD to approximately RM63.30 million after the completion of the Proposed Private Placement.

6.2 Proposed Acquisition and Proposed Diversification

The Proposed Acquisition and the Proposed Diversification represent a strategic move by MClean Group to enhance its revenue streams and tap into the demand of industries such as the E&E, automotive, oil and gas, and medical devices industries.

Upon completion of the Proposed Acquisition and the Proposed Diversification, the Plastic Business is expected to provide an additional income stream for the Group by broadening MClean Group's existing business scope. These initiatives aim to improve the Group's financial performance by tapping into sectors that are poised for significant growth.

The Proposed Acquisition is expected to create synergies with MClean Group's existing surface treatment for E&E products and precision cleaning for hard disk drives businesses. This integration will enable the Group to offer a more comprehensive range of services, particularly in high-precision engineering, increasing cross-selling opportunities and operational efficiencies. These synergies are also likely to enhance MClean Group's value creation to customers in the E&E and automotive industries.

Premised on the above, MClean Group stands to benefit from enhancing its asset and earnings base through the venture into the Plastic Business moving forward. The Proposed Acquisition and Proposed Diversification are expected to contribute positively to MClean Group's future earnings.

6.3 Proposed Share Capital Reduction

The Proposed Share Capital Reduction will enable the Company and the Group to rationalise their financial positions by eliminating the accumulated losses and to appropriately reflect the value of the underlying assets and the financial position of the Company and the Group, which is expected to enhance the credibility of the Group with the bankers, customers, suppliers, investors and other stakeholders. In addition, it will enhance the Company's ability to declare and pay dividends out of the retained earnings in the future, as and when appropriate, when the Company returns to profitability.

7 INDUSTRY OUTLOOK AND PROSPECTS

7.1 Overview and outlook of the global economy

As the world endures constant changes with varying paces of growth across the globe, the global economy is anticipated to exhibit moderate growth after experiencing a period of economic downturn. The growth pace is projected to persist across most regions in the upcoming years. Lingering uncertainties have prompted the International Monetary Fund to project the global growth outlook to 3% in 2023 and 2024 (2022: 3.5%).

Nevertheless, it remains constrained due to heightened downside risks, particularly tightening of monetary policies to ease inflationary pressures, hence, impeding a robust global economic recovery. Meanwhile, world trade growth is also expected to moderate to 2% in 2023 amid prolonged geopolitical tensions and to record 3.7% in 2024. The evolving global landscape is poised to exert a significant influence on businesses of all sizes and affect the standard of living. In addition, escalating supply chain security concerns could prompt the imposition of trade and investment restrictions, potentially impacting the growth prospects of others.

While the global challenges stemming from the crisis still persist, it offers countries the opportunity to foster growth and innovation through the formulation of effective strategies aimed at achieving more sustainable and robust growth.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

The global economy is expected to be sustained in the second half of this year. This is supported by positive labour market conditions and moderating inflation. The monetary policy easing by the advanced economies will further support growth in the short-to-medium term. China's growth is expected to expand albeit at a slower pace, as fiscal support will be offset by weak property market and consumer sentiments. Global trade growth is expected to recover further, as global technology upcycle gains momentum. The growth outlook remains subject to downside risks mainly from escalation of geopolitical tensions, higher-than-expected inflation and a sharp tightening in financial market conditions. However, upside risk to global growth can arise from stronger-than-expected domestic demand, particularly in advanced economies.

The USA's GDP growth is projected to register 1%, due to weak private consumption with inflation expected to remain above the Federal Reserve of the USA's target of 2%. Likewise, growth in the euro area is expected to moderate to 1.2%, as limited energy supply will continue to be adversely affecting the economic activities. The emerging market and development economies' growth is forecast to be marginally higher by 3.9% in 2023 buoyed by elevated private consumption and exports. China's economy is projected to grow by 4.6% attributed to strong domestic demand amid fiscal stimulus. Meanwhile, the economy of India is expected to grow by 6.1%, albeit a decline in private consumption and external demand. The ASEAN-5 (consists of Indonesia, Malaysia, the Philippines, Thailand and Viet Nam)'s growth is forecast to increase by 5.1%, sustained by further improvements in domestic consumption and private investment.

(Source: Quarterly Bulletin for the 2nd Quarter of 2024, Bank Negara Malaysia)

7.2 Overview and outlook of the Malaysian economy

Growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with larger support from exports recovery. Investment activities will be supported by continued implementation of multi-year projects in both the private and public sectors and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. Private consumption will be supported by sustained growth in income along with larger policy measures. Higher spillover from global tech upcycle will lift exports while tourist arrivals and spending are expected to improve further. The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and lower than-expected commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

(Source: BNM Quarterly Bulletin Vol. 39 No. 2 for the Second Quarter of 2024, BNM)

Malaysia's GDP in the second quarter of 2024 rose 5.9% as compared to 4.2% in the preceding quarter. Correspondingly, GDP grew 2.9% (Q1 2024: 1.5%) in terms of seasonally adjusted. The expansion in economy was driven by solid growth mainly in the services, manufacturing and construction sectors. For the first half of 2024, Malaysia's economy increased 5.1% from 4.1% in the same period of 2023. During this quarter, all supply-side sectors experienced better growth, with the services and manufacturing sectors continuing to drive overall performance. On the demand side, the economy was mainly fuelled by private final consumption expenditure and gross fixed capital formation.

Manufacturing sector registered a marked improvement in this quarter, with a growth of 4.7% from an increase of 1.9% in the first quarter of 2024. In terms of seasonally adjusted, this sector grew by 3.1% (Q1 2024: 2.4%). The growth was driven by the strong performance of all sub-sectors, particularly the Petroleum, chemical, rubber and plastic products, which rose to 4.1% (Q1 2024: 1.1%).

Additionally, the non-metallic mineral products, basic metal and fabricated metal products accelerated to 9.4% (Q1 2024: 7.2%), followed by the Electrical, electronic and optical products which grew by 3.0% (Q1 2024: 0.7%).

(Source: Malaysian Economic Statistics Review Vol. 8 2024, DOSM)

7.3 Overview and outlook of the Singapore economy

Taking into account the performance of the Singapore economy in the first half of 2024, as well as the latest global and domestic economic situations, Ministry of Trade and Industry of Singapore has narrowed the GDP growth forecast for 2024 to "2.0% to 3.0%", from "1.0% to 3.0%". The Singapore economy grew by 2.9% on a year-on-year basis. The sectors that contributed the most to GDP growth during the quarter were the finance & insurance, wholesale trade and information & communications sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.4%, unchanged from the 0.4% expansion in the preceding quarter.

The manufacturing sector contracted by 1.0% year-on-year, easing from the 1.7% contraction in the previous quarter. The contraction was driven by the output declines in the biomedical manufacturing (-32.0%) and precision engineering (-2.0%) clusters. The weak performance of the sector was mainly due to output declines in the biomedical manufacturing and precision engineering clusters, with the former in turn weighed down by a sharp fall in pharmaceuticals output. By contrast, the other clusters within the sector expanded. In particular, the electronics cluster returned to growth, supported by strong demand for smartphone, personal computer and AI-related chips even though demand for automotive and industrial chips remained weak. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.9%, a moderation from the 5.3% contraction in the preceding quarter.

At the same time, the projected recovery of the manufacturing sector, particularly that of the electronics cluster, is expected to benefit trade-related services sectors such as the machinery, equipment & supplies segment of the wholesale trade sector. Meanwhile, the continued recovery in air travel and tourism demand will support growth in the tourism- and aviation-related sectors (e.g., accommodation and air transport). Growth in the finance & insurance sector should also remain robust, as global policy rate cuts continue to be implemented amidst sustained disinflation.

The services producing industries grew by 3.7% year-on-year, moderating from the 4.3% growth registered in the previous quarter. Growth was supported by expansions in all the services sectors except for the real estate, retail trade and food & beverage services sectors. Among the services sectors that expanded, the finance & insurance (6.7%), information & communications (6.4%) and transportation & storage (5.4%) sectors posted the strongest growth.

(Source: Economic Survey of Singapore second quarter of 2024, Ministry of Trade and Industry of Singapore)

7.4 Overview and outlook of the E&E industry in Malaysia

The rise of 5.2% in the manufacturing sector in June 2024 was primarily reinforced by the expansion in export-oriented industries at 5.4% (May 2024: 3.7%), marking the highest growth since September 2022. The strong expansion of production was observed in the manufacture of coke & refined petroleum products which propelled to 12.5% (May 2024: -5.5%).

Additionally, the manufacture of computer, electronics & optical products also supported the growth of 4.9% in June 2024 (May 2024: 8.4%). Performance in the export-oriented industries was in tandem with the positive growth in the country's manufactured goods exports in June 2024 (6.4%). On month-on-month comparison, the export oriented industries augmented by 11.8% (May 2024: 9.0%).

(Source: Malaysian Economic Statistics Review Vol. 8 2024, DOSM)

Contributed about 5.8% to the GDP in 2023, the sector is targeting RM120 billion by 2025 in GDP growth and RM495 billion in export earnings. Malaysia's major involvement in the E&E sector, especially the semiconductor industry, is propelling new growth areas, as more companies are moving into more knowledge-intensive, hi-tech, innovative and higher-value-added activities.

In the region, Malaysia is among the major players in the expanding E&E market, acts as the catalyst for the development of other industries and enhances the supply value chain. Malaysian Industrial Development Finance Bhd head researcher Imran Yassin Md Yusof said the semiconductor industry is projected to remain a key driver of the E&E sector in Malaysia which will intensify through the advancements in technology as its driving force.

New growth areas the E&E manufacturers are currently exploring include e-commerce, automation, internet of things (IoT) and artificial intelligence (AI) accelerating the move towards industrial revolution 4.0 both at industrial and societal levels.

As it gears toward high technology, Malaysia also elevates itself as the hub for manufacturing growth with the establishment of industrial parks and zones specifically tailored for the sector that contributes to the development. This includes the development of high-tech parks such as Kulim Hi-tech Park in Kedah as a hub in creating a robust industrial economy focusing on high-tech manufacturing, advanced technologies and R&D activities, as well as the rise of Cyberjaya as the global tech hub. The government through Malaysian Investment Development Authority ("MIDA") has been encouraging manufacturers to establish more R&D and design and development centres; centres of excellence; global procurement centres; logistic centres and operational headquarters in Malaysia.

Not only that, through the New Industrial Master Plan 2030's mission-based champions, Malaysia is also set to explore more high-end segments of the semiconductor supply chain namely integrated circuit design and wafer fabrication. At its core, this vision seeks to create an abundance of high-value job opportunities, transforming Malaysia's reliance on relatively low-cost foreign labour.

Many multinational semiconductor companies have established a presence in Malaysia, chosen over our infrastructure, skilled workforce, competitive costs and strategic location in the Asia-Pacific region. The E&E sector is also diverse, encompassing various subsectors such as semiconductors, electronic components, telecommunications equipment and consumer electronics which allows Malaysia to participate in multiple aspects of the global supply chain.

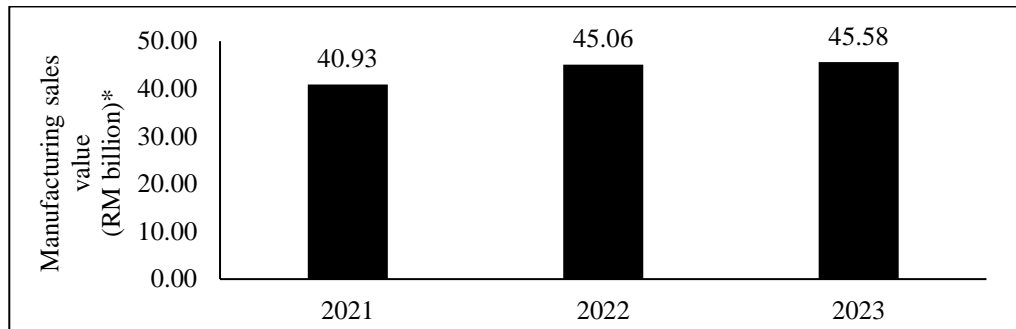
(Source: E&E sector presents new key growth areas with the rise of tech and high-value sectors, MIDA, 27 Feb 2024)

7.5 Overview and outlook of the plastic injection moulding industry in Malaysia

Plastics are widely used in the manufacturing of parts and components for industrial and commercial applications owing to their relatively low cost and light weight, ease of manufacture, malleability, versatility and waterproof properties, and thus have replaced several traditional materials such as wood, stone, leather, paper, metal and glass in many of their former uses. Amongst some of the commonly used manufacturing processes for plastic products are injection moulding, blow moulding, compression moulding, extrusion moulding and rotational moulding.

The manufacturing sales value of plastic products in Malaysia increased from RM40.93 billion in 2021 to RM45.58 billion in 2023 at a CAGR of 5.53%.

Manufacturing sales value of plastic products (Malaysia), 2021 – 2023



Note:

* This data comprises plastic articles for the packing of goods (e.g. packing trays, plastic cups covers and containers of plastics), builders’ plastics ware (e.g. plastic roof tiles and plastic cabinets), plastic tableware, kitchenware and toilet articles (e.g. plastic chairs, household containers and plastic furniture parts) as well as diverse plastic products not elsewhere classified (e.g. plastic components parts for electronics/ electricals industries, plastic components parts and accessories for motor vehicles, office or school supplies of plastics, plastic tape and plastic scraps).

(Sources: DOSM, Smith Zander)

Moving forward, Smith Zander forecasts the manufacturing sales value of plastic products in Malaysia to reach RM47.88 billion in 2024 and RM50.30 billion in 2025, at a CAGR of 5.05% from year 2023 to 2025.

The plastic injection moulding industry will continue to be driven by the key industry drivers below:

(a) Continued growth of the economy, particularly the growth in the manufacturing sector, drives the plastic injection moulding industry in Malaysia

Malaysia’s economy, measured by the total GDP, increased at a CAGR of 6.28% from RM1.39 trillion in 2021 to RM1.57 trillion in 2023. The manufacturing sector, being the second largest contributor to Malaysia’s total GDP after the service sector, also increased from RM336.72 billion to RM366.69 billion at a CAGR of 4.36% during the same period. According to Bank Negara Malaysia, Malaysia’s GDP is expected to expand by 4.00% to 5.00% in 2024, and GDP from the manufacturing sector is also expected to grow by 3.50% in the same year. Continued growth of the economy, in particular the manufacturing sector with multiple sub-sectors adopting plastic injection moulding processes in production, will continue to drive the plastic injection moulding industry in Malaysia.

(b) Growth in end-user industries drives the growth of the plastic injection moulding industry in Malaysia

In Malaysia, the plastic injection moulding industry is strongly driven by the end-user industries such as E&E, automotive, oil and gas, as well as medical devices industries, as elaborated below:

(i) E&E industry

Plastic is one of the key materials used in the production of parts and components for E&E products, such as casings and enclosures for home appliances and mobile devices. Plastics are well-suited to E&E applications in view of its excellent electrical insulation properties, good mechanical strength and durability, as well as high dimensional stability under heat, amongst others. Thus, the growth of the E&E industry will drive the demand for plastics.

The size of the E&E industry in Malaysia, represented by the manufacturing sales value of E&E products in Malaysia, increased from RM483.20 billion in 2021 to RM598.97 billion in 2023 at a CAGR of 11.34%.

(ii) Automotive industry

The demand for plastics is expected to be supported by the production of motor vehicles as modern motor vehicles contain various parts and components which are made from plastics such as dashboard panels, bumpers, handles and buttons.

The size of the automotive industry in Malaysia, as represented by TIV of the automotive industry in Malaysia, increased from 508,911 units in 2021 to 799,731 units in 2023 at a CAGR of 25.36%. In addition, the total number of passenger and commercial vehicles produced and assembled in Malaysia grew from 481,651 units in 2021 to 774,600 units in 2023 at a CAGR of 26.82%, which was in tandem with the growth of the TIV of the automotive industry in Malaysia.

The automotive industry is expected to normalise in 2024 after recording an all-time high TIV in 2023. Malaysian Automotive Association (MAA) forecasts the TIV of the automotive industry to normalise from 799,731 units in 2023 to 765,000 units in 2024. In line with this, Smith Zander forecasts the number of passenger and commercial vehicles produced and assembled in Malaysia to also normalise to approximately 736,600 units in 2024.

Nevertheless, the automotive industry will continue to sustain as supported by several factors that drive the sale of automotive, such as the continuous introduction of new vehicle models including the increasing popularity of electric vehicles, economic recovery and increasing disposable income, as well as car-centric culture in Malaysia. These will in turn create continuous demand for plastics for production of motor vehicles.

(iii) Oil and gas industry

Plastics are highly effective in withstanding the extreme conditions faced in the oil and gas industry such as severe weather, wide temperature fluctuations, high pressures and abrasive fluids, hence being used to produce components in the oil and gas industry.

The size of the oil and gas industry in Malaysia is represented by the GDP of crude oil, condensate and natural gas in Malaysia. The oil and gas industry increased from RM85.58 billion in 2021 to RM88.22 billion in 2023 at a CAGR of 1.53%.

(iv) Medical devices industry

Plastic plays a vital role in the medical industry, where it is used to produce a range of medical equipment and devices, including prosthetics and protective gears.

The size of the medical devices industry in Malaysia, represented by the revenue of medical devices, increased from USD2.74 billion (equivalent to RM11.36 billion) in 2021 to USD2.85 billion (equivalent to RM13.01 billion) in 2023 at a CAGR of 1.99%, despite a slight year-on-year decline of 2.55% in 2022 which could be attributed to demand normalisation following the subsidence of the novel coronavirus disease 2019 pandemic which spurred the demand for diagnostic equipment and related devices in 2021.

As the overall manufacturing industry as well as end-user industries such as the E&E, automotive, oil and gas, and medical devices continue to grow, there will be increasing demand for plastic components to meet operational demand. As such, the demand for plastics will continue to grow, thereby driving the manufacturing activities for plastic products, including plastic injection moulding activities.

(Source: IMR Report)

7.6 Prospects and outlook of the MClean Group

MClean Group is an engineering support company which is principally involved in the provision of surface treatment for E&E products and precision cleaning services primarily for hard disk drives. The surface treatment and precision cleaning industries are engineering support industries to multiple industries including the E&E industry. Nevertheless, the continued growth in the E&E industry bodes well for surface treatment and precision cleaning industry players such as MClean Group, due to the need for these services for electronic components used in many E&E products such as mobile phones and personal computers, automotive components and parts, as well as equipment used in the oil, gas and petrochemical industry.

MClean Group's revenues in the past 3 years had been decreasing from RM59.32 million in FYE 31 December 2021 and RM47.84 million in FYE 31 December 2023. The decrease in revenue over the past three years was due to various factors such as weakening hard disk drives industry demand. In addition, the Group had incurred a LAT of RM4.10 million in its latest FYE 31 December 2023 (FYE 31 December 2022: LAT of RM2.98 million).

However, MClean Group experienced a positive turnaround and registered a PAT of RM1.23 million in its latest unaudited 6M-FPE 30 June 2024, as compared to a LAT of RM1.77 million for the 6M-FPE 30 June 2023 mainly due to increase in sales of both precision cleaning and surface treatment services which benefited from heightened demand from the E&E industry in Malaysia.

Nevertheless, the Board is of the view that it is necessary to further improve the Group's financial performance by undertaking the Proposed Acquisition and Proposed Diversification as part of its strategy to enhance its financial performance and create new revenue streams.

The Board is confident that the future prospects of the Group will be positive as the Proposed Acquisition and Proposed Diversification present the Group with an excellent opportunity to venture into the plastic injection moulding business at an attractive investment sum.

The Proposed Acquisition would also enable the Group to diversify its income stream and leverage on the favourable and sustainable outlook of the plastic injection moulding industry as set out in **Section 7.5** of this announcement. The plastic injection moulding industry in Malaysia is poised for growth, supported by increasing demand from key sectors such as the E&E, automotive, oil and gas, and medical devices industries.

The Plastic Business will not only offer synergistic opportunities for MClean Group's existing surface treatment for E&E products and precision cleaning for hard disk drives businesses but also allow MClean Group to tap into the expanding market for precision plastic components, thereby strengthening the Group's position in the supply chain of high-demand industries which enable the Group to offer a more comprehensive range of services, particularly in high-precision engineering, increasing cross-selling opportunities and operational efficiencies.

The recent entry of Accrelist Crowdfunding as a major shareholder with 28.53% stake in MClean on 2 July 2024 has enhanced the Group's operations by bringing valuable strategic benefits such as Accrelist's extensive expertise in business transformation and growth provides MClean Group with a robust partnership opportunity. MClean Group's existing surface treatment for E&E products and precision cleaning for hard disk drives businesses are well-positioned to benefit from the growth in the E&E industry in Malaysia as set out in **Section 7.4** of this announcement. As the E&E sector continues to expand, driven by increasing technological advancements and market demands, MClean Group's existing surface treatment for E&E products and precision cleaning for hard disk drives services will play a crucial role in supporting the high standards required for precision components. This alignment with the growth of the E&E industry is expected to enhance the Group's revenue prospects and operational efficiency.

The Board believes that the Proposed Private Placement will contribute positively to the Group in view that the proceeds to be raised from the Proposed Private Placement will be utilised mainly for the payment of the Purchase Consideration and working capital requirements for the Plastic Business as set out in **Section 2.6** of this announcement.

The Proposed Acquisition and Proposed Diversification would help to mitigate the Group's dependency on its existing businesses of surface treatment for E&E products and precision cleaning for hard disk drives, to enhance and improve its income sustainability.

The Proposed Acquisition and Proposed Diversification are expected to contribute positively to the future earnings and cash flows of the enlarged MClean Group following the completion of the Proposed Acquisition.

The Proposed Share Capital Reduction will allow the Company to eliminate its existing accumulated losses by setting off against the credit arising from the cancellation of share capital, thus assisting to rationalise the statement of financial position of the Company.

Premise on the above and the prospects of plastic injection moulding industry as set out in **Section 7.5** of this announcement, the Board (save for Terence and Chuah Ai Wen in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification) believes that the Proposals are in the best interest of MClean Group.

7.7 Financial information of MClean Group

The summary of key financial information of MClean Group's audited consolidated financial statements for the past FYEs 31 December 2021 to 31 December 2023 as well as 6M-FPE 30 June 2023 and 6M-FPE 30 June 2024 are as follows:

	Audited			Unaudited	
	FYE 31 December 2021 (RM'000)	FYE 31 December 2022 (RM'000)	FYE 31 December 2023 (RM'000)	6M-FPE 30 June 2023 (RM'000)	6M-FPE 30 June 2024 (RM'000)
Revenue	59,318	52,373	47,836	24,023	28,670
PBT / LBT	(8,235)	(3,092)	(5,330)	(2,190)	1,337
PAT / (LAT) attributable to owners of the Company	(8,223)	(2,984)	(4,099)	(1,765)	1,228
Share capital	50,973	50,973	50,973	50,973	50,973
Shareholders' funds / NA	21,037	17,105	13,218	15,638	14,366
No. of issued MClean Shares ('000)	197,213	197,213	197,213	197,213	197,213
Weighted average number of MClean Shares in issue ('000)	197,213	197,213	197,213	197,213	197,213
NA per MClean Share (sen) ⁽¹⁾	10.67	8.67	6.70	7.93	7.28
Basic EPS / (LPS)(sen) ⁽²⁾	(4.17)	(1.51)	(2.08)	(0.89)	0.62
Current assets	26,821	21,182	22,742	30,186	25,706
Current liabilities	17,464	14,044	16,805	25,506	17,539
Current ratio (times)	1.54	1.51	1.35	1.18	1.47
Total borrowings (including lease liabilities)	13,862	10,245	10,766	10,516	8,892
Gearing ratio (times)	0.66	0.60	0.81	0.67	0.62

Notes:

- (1) Calculated as NA divided by number of MClean Shares in issue.
- (2) Calculated as PAT/(LAT) attributable to owners of the Company over weighted average number of MClean Shares for the respective financial years/period under review.

Commentaries:

(I) 6M-FPE 30 June 2024 vs 6M-FPE 30 June 2023

MClean Group's revenue increased by approximately RM4.65 million (or 19.36%) to approximately RM28.67 million (6M-FPE 30 June 2023: RM24.02 million) mainly due to increase in sales of both precision cleaning and surface treatment services which benefited from heightened demand from the E&E industry in Malaysia.

MClean Group's registered a PAT of RM1.23 million for the 6M-FPE 30 June 2024 as compared to a LAT of RM1.77 million for the 6M-FPE 30 June 2023 mainly due to:

- (i) higher gross profit by approximately RM3.48 million (or 76.99%) to RM8.00 million (6M-FPE 30 June 2023: RM4.52 million) as a result of the increase in sales of both precision cleaning and surface treatment services with higher margins; and
- (ii) lower administrative expenses by approximately RM0.31 million (or 4.89%) to RM6.03 million (6M-FPE 30 June 2023: RM6.34 million) due to effective cost cutting measures.

(II) FYE 31 December 2023 vs FYE 31 December 2022

MClean Group's revenue decreased by approximately RM4.53 million (or 8.65%) to approximately RM47.84 million (FYE 31 December 2022: RM52.37 million) mainly due to overall weaker market demand from the hard disk drives industry in Malaysia.

MClean Group recorded a higher LAT of RM4.10 million (FYE 31 December 2022: LAT of RM2.98 million) mainly due to:

- (i) lower other income by approximately RM1.95 million (or 83.33%) to approximately RM0.39 million in FYE 31 December 2023 (FYE 31 December 2022: RM2.34 million) mainly due to the absence of reversal of currency fluctuation reserve due to the deregistration of MClean Advance Carrier Pte. Ltd. and MClean Cloud Logistic Pte. Ltd. in FYE 31 December 2022; and
- (ii) higher administrative expenses by approximately RM0.70 million (or 5.51%) to RM13.41 million in FYE 31 December 2023 (FYE 31 December 2022: RM12.71 million) mainly due to corporate exercise expenses.

(III) FYE 31 December 2022 vs FYE 31 December 2021

MClean Group's revenue decreased by approximately RM6.95 million (or 11.72%) to approximately RM52.37 million in FYE 31 December 2022 (FYE 31 December 2021: RM59.32 million) mainly due to overall weaker market demand from hard disk drives industry in Malaysia.

MClean Group recorded a lower LAT of RM2.98 million in FYE 31 December 2022 (FYE 31 December 2021: LAT of RM8.22 million) due to:

- (i) higher other income by approximately RM1.84 million (or 368%) to approximately RM2.34 million in FYE 31 December 2022 (FYE 31 December 2021: RM0.50 million) mainly due to currency fluctuation reserve being reversed to the accumulated losses of the Company of RM1.88 million upon the deregistration of MClean Advance Carrier Pte. Ltd. and MClean Cloud Logistic Pte. Ltd. on 5 December 2022;
- (ii) lower cost of sales by approximately RM3.98 million (or 8.46%) to approximately RM43.06 million in FYE 31 December 2022 (FYE 31 December 2021: RM47.04 million) mainly due to decrease in depreciation expenses on PPE; and
- (iii) lower administrative expenses by approximately RM0.89 million (or 6.54%) to approximately RM12.71 million in FYE 31 December 2022 (FYE 31 December 2021: RM13.60 million) mainly due to decrease in indirect staff salaries and staff benefits.

7.8 Impact and value creation of the Proposals to MClean Group and its shareholders

The Proposed Private Placement will result in the dilution of EPS of the Group and have a dilutive effect on the existing shareholders' shareholdings in MClean other than Accrelist Crowdfunding, if it subscribes to the Placement Shares), due to the MClean Shares to be issued to the places.

The Board (save for Terence and Chuah Ai Wen in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification) believes that the use of proceeds from the Proposed Private Placement for the payment of the Purchase Consideration will enable the Group to retain its existing cash to fund its existing business operations, thereby having a positive impact on the earnings of the Group.

The Proposed Acquisition and the Proposed Diversification are expected to enhance the MClean Group's asset and earnings base. The dilutive effect on the MClean's EPS/LPS and shareholdings of the existing shareholders as a result of the Proposed Private Placement is expected to be mitigated by the potential earnings from the Plastic Business after taking into account the rationale as set out in **Section 6.2** of this announcement, the overview and outlook of the plastic injection moulding industry as set out in **Section 7.5** of this announcement.

7.9 Adequacy of the Proposals in addressing MClean Group's financial concerns

As at 31 August 2024, MClean Group's cash and bank balances stood at approximately RM3.24 million. The proceeds to be raised from the Proposed Private Placement will be used mainly to satisfy the Purchase Consideration and working capital requirements for the Plastic Business. As such, MClean can conserve its financial resources for its current business of surface treatment for E&E products and precision cleaning for hard disk drives businesses.

The Proposed Acquisition is expected to improve the MClean Group's financial performance considering the expected profit and cash flow contribution from the Plastic Business, which in turn is expected to create value for the shareholders. The successful implementation of the Proposals will enable the Group to improve its financial position towards enhancing its financial performance as well as its shareholders' value. The Board will continue to evaluate the viability of other measures to ensure the sustainability of MClean Group's financial performance as well as consider various fund-raising avenues to meet its cash flow requirements in the medium to long term if the need arises.

The Board has also been taking various steps to improve the Group's financial conditions, as set out in **Section 7.10** of this announcement. Premised on these efforts, the Board (save for Terence and Chuah Ai Wen in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification) is of the view that the Proposals are in the best interest of the Group after considering all of the aspects of the Proposals and the Group's current financial requirements. The Board (save for Terence and Chuah Ai Wen in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification) is of the view that the Proposals would adequately address the Group's financial concerns.

7.10 Steps taken or to be undertaken by the MClean Group to improve its financial situation

The Group has undertaken the following steps to improve its financial performance and strengthen its financial position:

- (a) ongoing in-depth review of its operations and adoption of cost reduction measures by streamlining its operations. The Group has undertaken steps to reduce its expenses by relocating more labour-intensive operations of the Group's business from Singapore to lower-cost countries such as Malaysia and Thailand. In addition, the Group also increased its sales and marketing efforts in improving its sales for the existing businesses.
- (b) the Group is actively exploring potential acquisitions as a strategic avenue to expand its existing businesses, diversify its revenue base, and strengthen its overall market position. These initiatives aim to enhance the Group's operational capabilities, open new avenues for revenue generation, and create sustainable long-term growth. By broadening its service offerings and tapping into new markets, the Group seeks to mitigate risks associated with over-reliance on existing revenue streams of the surface treatment and precision cleaning business while capturing opportunities for innovation and cross-industry synergies.

Where required, the Company will make the necessary announcement(s) and seek approval(s) from the shareholders of the Company and/or other relevant parties (if required) in accordance with the Listing Requirements once the Management has finalised the terms of acquisitions, if any.

- (c) the Proposed Acquisition is expected to improve the Group's financial position as it will provide the Group with an opportunity to gain a new revenue stream and is expected to strengthen the Group's financial performance after commencing operations of the Plastic Business.
- (d) strengthening existing supplier relationships and optimising supply chain logistics to ensure cost-effective and timely procurement of raw materials required for the surface treatment for E&E products and precision cleaning for hard disk drives businesses.

The Group remains vigilant by continuously assessing market conditions and implementing business strategies to ensure that the Group's businesses remain competitive.

8 RISKS RELATING TO THE PROPOSALS

8.1 Risks relating to the Proposed Private Placement

The Proposed Private Placement will involve the issuance of new MClean Shares to the placees. Hence, the increase in number of new MClean Shares will result in dilution of existing shareholders' shareholdings in MClean (other than Accrelist Crowdfunding, if it subscribes to the Placement Shares) upon the completion of the Proposed Private Placement. As a result, their proportionate entitlements to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Proposed Private Placement will be correspondingly diluted.

8.2 Risks relating to the Proposed Acquisition and Proposed Diversification

8.2.1 Non-completion of the SPA

In the event any of the conditions precedent of the SPA are not fulfilled or waived, the Proposed Acquisition may be delayed or terminated and the potential benefits arising therefrom may not materialise. MClean Group will take all reasonable steps to ensure the satisfaction of the SPA's conditions precedent within the stipulated timeframe and that effort is made to obtain the approval from MClean's shareholders to ensure the completion of the Proposed Acquisition.

8.2.2 MClean Group future growth depends on its ability to execute its business strategies and future plans

MClean Group's business strategies and future plans include continuously expand its Plastic Business as well as to enhance the technologies and features of its existing surface treatment machines to expand its product range and improve consumer product experience, as well as, to grow its brand and market presence by expanding its customer base.

There is no assurance that the execution of MClean Group's business strategies and future plans will be successful, nor will MClean Group be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans. These may materially affect the business operations and financial performance of the Plastic Business.

8.2.3 Risk relating to environmental, health and safety laws and regulations

The injection moulding processes of plastic components may generate chemical waste at various stage of the production process. Hence, MClean Group is subject to the compliance of environmental, health and safety laws, including regulation in relation to chemical waste management. Any violations of these laws and regulations will lead to fines or potential criminal sanction.

While MClean Group strives to work closely with the relevant stakeholders to ensure compliance with all relevant laws and regulations, there can be no assurance that there will not be any violations in the future by MClean Group, which may materially affect MClean Group's operation and/ or financial position.

8.2.4 MClean Group is dependent on its key management personnel for continued success

The Plastic Business is dependent to a certain extent on the key personnel managing the operations of the business. The loss of key personnel without suitable and timely replacement and the inability to attract or retain qualified and suitable personnel may have an unfavourable and material impact on the performance of the enlarged MClean Group.

In this regard, Terence has been identified by the Board to lead the Plastic Business whereby he will be assisted by other personnel that will be recruited as set out in Section 4.2 of this announcement, to ensure that there is continuity in the management of Plastic Business and that there is no disruption to the day-to-day operations of the Plastic Business.

Notwithstanding the above, the Management will adopt appropriate approaches including reviewing the remuneration and incentives packages as well as providing a good working environment and programmes on succession planning to retain the key personnel with MClean Group.

9 EFFECTS OF THE PROPOSALS

The Proposed Diversification will not have any effects on the share capital, NA, gearing, earnings and EPS and substantial shareholders' shareholdings of MClean Group as it does not involve the issuance of any new MClean Shares. The Board (save for Terence and Chuah Ai Wen in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification) expects that the Proposed Private Placement, Proposed Acquisition and Proposed Share Capital Reduction would contribute positively to the future earnings, EPS and NA of MClean Group.

9.1 Share capital

The pro forma effects of the Proposed Private Placement, Proposed Acquisition and Proposed Share Capital Reduction on the share capital of MClean are as follows:

	No. of Shares	RM
As at the LPD	197,213,000	50,973,332
Issuance of the Placement Shares	49,300,000	12,325,000 ⁽¹⁾
After the Proposed Private Placement	246,513,000	63,298,332
To be cancelled pursuant to the Proposed Share Capital Reduction	-	(35,000,000) ⁽²⁾
Enlarged share capital	246,513,000	28,298,332

Notes:

- (1) Based on the indicative issue price of RM0.25 per Placement Share.
- (2) After setting off RM35.00 million from the Company's accumulated losses due to the cancellation of the Company's issued share capital in relation to the Proposed Share Capital Reduction.

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9.2 NA and gearing

The pro forma effects of the Proposed Private Placement, Proposed Acquisition and the Proposed Share Capital Reduction on the NA and gearing of MClean Group are illustrated below:

	(Audited) As at 31 December 2023 (RM)	(I) As at the LPD (RM)	(II) After (I) and the Proposed Private Placement (RM)	(III) After (II) and the Proposed Acquisition (RM)	(IV) After (III) and Proposed Share Capital Reduction (RM)⁽³⁾
Share capital	50,973,332	50,973,332	63,298,332 ⁽¹⁾	63,298,332	28,298,332
Reserves	(15,943,321)	(15,943,321)	(15,943,321)	(15,943,321)	(15,943,321)
Accumulated losses /Retained earnings	(21,811,707)	(21,811,707)	(22,461,707) ⁽²⁾	(22,461,707)	12,538,293
Shareholders' funds / NA	13,218,304	13,218,304	24,893,304	24,893,304	24,893,304
No. of MClean Shares in issue	197,213,000	197,213,000	246,513,000	246,513,000	246,513,000
NA per MClean Share (RM)	0.07	0.07	0.10	0.10	0.10
Total borrowings*	10,766,162	10,766,162	10,766,162	10,766,162	10,766,162
Gearing (times)	0.81	0.81	0.43	0.43	0.43

Notes:

* Including lease liabilities.

- (1) Based on the indicative issue price of RM0.25 per Placement Share.
- (2) After deducting estimated expenses of RM0.65 million for the Proposals.
- (3) After setting off RM35.00 million from the Company's accumulated losses due to the cancellation of the Company's issued share capital in relation to the Proposed Share Capital Reduction.

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9.3 Substantial shareholders' shareholdings

The effects of the Proposed Private Placement on the substantial shareholders' shareholdings in MClean as at the LPD are as follows:

	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shareholders								
Accrelist Crowdfunding	56,269,397	28.53	-	-	81,269,397 ⁽⁵⁾	32.97	-	-
Decor	23,664,590	12.00	-	-	23,664,590	9.60	-	-
JCS Group Pte. Ltd.	16,689,017	8.46	-	-	16,689,017	6.77	-	-
Terence ⁽¹⁾	-	-	56,269,397	28.53	-	-	81,269,397	32.97
Lim Han Kiau ⁽²⁾	-	-	23,664,590	12.00	-	-	23,664,590	9.60
DGC ⁽³⁾	-	-	23,664,590	12.00	-	-	23,664,590	9.60
Yeo Hock Huat ⁽⁴⁾	-	-	16,689,017	8.46	-	-	16,689,017	6.77
Placees	-	-	-	-	24,300,000	9.86	-	-

Notes:

- (1) Deemed interested by virtue of his interest in Accrelist Crowdfunding (through Accrelist) pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his interest in DGC pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its interest in Decor pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his interest in JCS Group Pte. Ltd. pursuant to Section 8 of the Act.
- (5) Assuming Accrelist Crowdfunding subscribes to the total allocation of 25,000,000 Placement Shares and the remaining 24,300,000 Placement Shares are subscribed by independent third party investors.

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9.4 Earnings and EPS

(i) Proposed Private Placement

The Proposed Private Placement is not expected to have any material effect on the earnings of MClean Group for the FYE 31 December 2024 as the Proposed Private Placement shall be completed within 6 months from the date of approval from Bursa Securities or any other extended period as may be approved by Bursa Securities whilst the proceeds to be raised are expected to be utilised within 12 months from the completion of the Proposed Private Placement. Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group via the utilisation of the proceeds mainly for the Purchase Consideration and working capital requirements for the Plastic Business.

Subsequent to the completion of the Proposed Private Placement, the EPS will be correspondingly diluted due to the increase in the number of Shares pursuant to the Proposed Private Placement. The potential effects of the Proposed Private Placement on the Group's earnings moving forward will depend on, amongst others, the benefits to be derived from the utilisation of the proceeds to be raised from the Proposed Private Placement which in turn, would depend on the performance of the Group's Plastic Business, which is expected to contribute positively to the future earnings of the Group.

(ii) Proposed Acquisition

The Proposed Acquisition is expected to be completed by the 1st half of 2025. It is expected to contribute positively to the earnings of MClean Group for the FYE 31 December 2025 based on the potential future earnings of the Plastic Business.

(iii) Proposed Diversification

The Proposed Diversification is not expected to have any immediate material effect on the earnings of MClean Group for the FYE 31 December 2024. Nevertheless, barring any unforeseen circumstances, the Plastic Business is expected to contribute positively to the earnings and EPS of the Group in the future financial years upon commencement.

(iv) Proposed Share Capital Reduction

The Proposed Capital Reduction is not expected to have any immediate material effect on the earnings of MClean Group for the FYE 31 December 2024.

9.5 Convertible securities

As at the LPD, the Company does not have any convertible securities in issue

10 APPROVALS REQUIRED

The Proposals are subject to the approvals from:

- (i) Bursa Securities for the listing and quotation for up to 49,300,000 Placement Shares on the ACE Market of Bursa Securities;
- (ii) the shareholders of MClean at the EGM to be convened, for the Proposals; and
- (iii) any other relevant parties/authorities, if required.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is 45.67%, calculated based on the value of Purchase Consideration of approximately RM6.04 million against the audited NA of MClean Group as at 31 December 2023 of approximately RM13.22 million.

11 CONDITIONALITY OF THE PROPOSALS

The Proposed Private Placement, Proposed Acquisition, Proposed Diversification are inter-conditional. The Proposed Share Capital Reduction is not inter-conditional with other components of the Proposals.

Save as disclosed, the Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

12 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

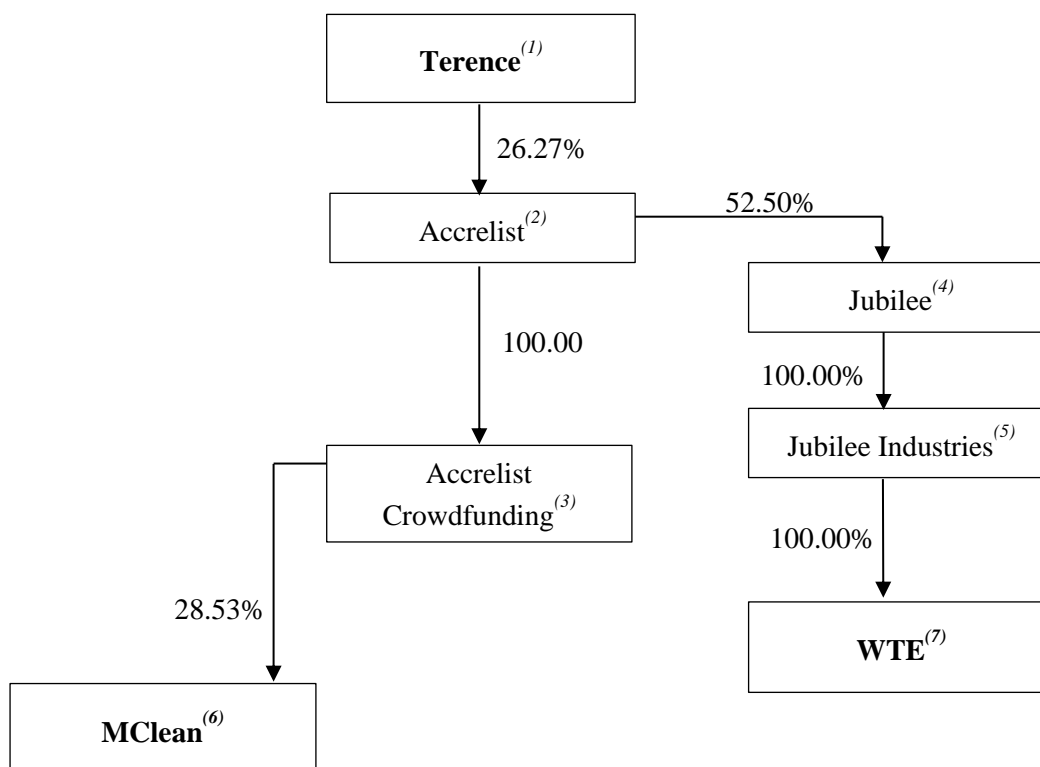
12.1 Proposed Private Placement

Accrelist Crowdfunding has been allocated with up to 25,000,000 Placement Shares pursuant to the Proposed Private Placement. Terence being the Executive Chairman of the Company, is deemed interested in the Proposed Private Placement in view that he is also the major shareholder, the Executive Chairman and Managing Director of Accrelist. Accrelist Crowdfunding is a wholly-owned subsidiary of Accrelist, a company listed on the Catalist of SGX-ST.

Accordingly, Terence has abstained and will continue to abstain from all deliberations and voting at the relevant Board meeting on the Proposed Private Placement. Further, Terence have undertaken to ensure that persons connected with him (if any) will also abstain from voting in respect of their direct and indirect shareholdings on the resolutions pertaining to the Proposed Private Placement to be tabled at the Company's forthcoming EGM. Save as disclosed above, none of the Company's Directors, major shareholder, chief executive and persons connected with them have any interest, direct or indirect, in the Proposed Private Placement.

12.2 Proposed Acquisition and Proposed Diversification

The following diagram illustrates the relationship among Terence and Accrelist Crowdfunding in relation to the Proposals as well as their shareholdings in MClean as at the LPD:



Notes:

- (1) Terence is a director of WTE, the Executive Chairman of MCLearn, the Executive Chairman and Chief Executive Officer of Jubilee and the Executive Chairman and Managing Director of Accrelist.
- (2) The directors of Accrelist are Terence, Chin Sek Peng and Chong Eng Wee. Terence is the major shareholder of Accrelist with a total shareholding of 26.26% as at the LPD (i.e., 24.91% direct interest and 1.36% indirect interest pursuant to the equity interest in Accrelist held by his wife, Ms. Sim Aileen).
- (3) The sole director of Accrelist Crowdfunding is Loh Eng Lock Kelvin.
- (4) The directors of Jubilee are Ding Hock Chai, Terence, Cheong Keng Chuan Alfred and Ng Siew Hoong, Linus.
- (5) The sole director of Jubilee Industries is Loh Eng Lock Kelvin.
- (6) The directors of MCLearn are Terence, Chuah Ai Wen, Muhammad Radzi Bin Embong, Lee Yee Woi, Yeo Hock Huat and Lim Han Kiau.
- (7) The directors of WTE are Terence and Chuah Ai Yin. Chuah Ai Yin is a sister to Chuah Ai Wen, an Independent Non-Executive Director of MCLearn.

Save as disclosed below, none of the Directors, major shareholders and chief executive of MCLearn and/or persons connected with them (as defined under the Listing Requirement) has any interest, direct or indirect, in the Proposed Acquisition and Proposed Diversification:

- (i) Terence being the Executive Chairman of the Company, is deemed interested in the Proposed Acquisition in view that he is also the major shareholder, the Executive Chairman and Managing Director of Accrelist. Accrelist Crowdfunding is a wholly-owned subsidiary of Accrelist, a public listed company listed on the Catalist of SGX-ST;
- (ii) Terence is a director of WTE. WTE is a wholly-owned subsidiary of Jubilee Industries, which is a wholly-owned subsidiary of Jubilee. Jubilee is a 52.50%-owned subsidiary of Accrelist. Jubilee is a public listed company listed on the Catalist of SGX-ST. Terence is the Executive Chairman and Chief Executive Officer of Jubilee. WTE is the Vendor for the Proposed Acquisition; and
- (iii) Chuah Ai Wen being an Independent Non-Executive Director of MCLearn, is a person connected to Chuah Ai Yin, a director of WTE, in view that she is a sister to Chuah Ai Yin. WTE is the Vendor for the Proposed Acquisition. As at the LPD, Chuah Ai Wen does not have any direct or indirect interest in MCLearn and WTE.

As at the LPD, Chuah Ai Yin holds 75,000 MCLearn Shares (equivalent to approximately 0.04% equity interest in MCLearn) without any indirect interest in MCLearn and she does not have any direct or indirect interest in WTE.

Pursuant to Rule 10.08(11)(c) of the Listing Requirements, a transaction between the listed corporation or any of its subsidiaries and another person, where there are no other interested relationships except for common directorships provided that the directors who have common directorships have:

- (a) shareholdings in the other person which is less than 5% other than via the listed corporation; and
- (b) no other interest such as commission or other kinds of benefits received from the listed corporation or any of its subsidiaries or the other person in relation to the said transaction.

As such, pursuant to the abovementioned provision of the Rule 10.08(11)(c) of the Listing Requirements, Chuah Ai Wen is not deemed to be interested in the Proposed Acquisition as she does not have any direct or indirect interest in both MCLearn and WTE and she has no other interest such as commission or other kinds of benefit received from MCLearn and WTE or any of their subsidiaries in relation to the Proposed Acquisition. However, she has voluntarily abstained and/or will continue to abstain from deliberating and voting at the Board meetings of the Company in relation to the Proposed Acquisition.

In view of the inter-conditionality of the Proposed Private Placement, Proposed Acquisition and Proposed Diversification, Chuah Ai Wen has voluntarily abstained and/or will continue to abstain from deliberating and voting at the Board meetings of the Company in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification.

She will also voluntarily abstain and have undertaken to ensure that persons connected to her (if any) will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification to be tabled at the EGM to be convened.

As at the LPD, the shareholdings of Terence, Chuah Ai Wen, Accrelist Crowdfunding and persons connected with them in MClean are as follows:

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Accrelist Crowdfunding	56,269,397	28.53	-	-
Terence	-	-	56,269,397 ⁽¹⁾	28.53
Chuah Ai Wen	-	-	-	-

Note:

- (1) Deemed interested by virtue of his interest in Accrelist Crowdfunding (through Accrelist) pursuant to Section 8 of the Act.

In view of the interests of Terence and Accrelist Crowdfunding, the Proposed Acquisition is deemed a related party transaction under Rule 10.08 of the Listing Requirements. Accordingly, Terence has abstained and will continue to abstain from deliberating and voting at the Board meetings of the Company in relation to the Proposed Acquisition and Proposed Diversification.

Terence and Accrelist Crowdfunding will abstain and have undertaken to ensure that persons connected to them (if any) will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposed Acquisition and Proposed Diversification to be tabled at the EGM to be convened.

12.3 Proposed Share Capital Reduction

None of the Company's Directors, major shareholder, chief executive and persons connected with them have any interest, direct or indirect, in the Proposed Share Capital Reduction.

13 TRANSACTIONS WITH THE SAME RELATED PARTIES

Save for the Proposed Private Placement and Proposed Acquisition, there are no other transactions between MClean Group and the related parties, namely Terence and Accrelist Crowdfunding and persons connected with them for the preceding 12 months up to the LPD.

14 INDEPENDENT ADVISER

The Proposed Acquisition is a related party transaction pursuant to Rule 10.08 of the Listing Requirements in view of the interests of Terence and Accrelist Crowdfunding as set out in **Section 12** of this announcement.

In view of the inter-conditionality of the Proposed Private Placement, Proposed Acquisition and Proposed Diversification as disclosed in **Section 11** of this announcement, Strategic Capital has been appointed to act as the Independent Adviser to:

- (i) provide an independent evaluation on the Proposed Private Placement, Proposed Acquisition and Proposed Diversification and to form an opinion as to whether the Proposed Private Placement, Proposed Acquisition and Proposed Diversification is fair and reasonable insofar as MClean's shareholders are concerned; and
- (ii) advise the non-interested shareholders of MClean on whether they should vote in favour of the resolutions pertaining to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification to be tabled at the forthcoming EGM.

The IAL containing Strategic Capital's evaluations and recommendations on the Proposed Private Placement, Proposed Acquisition and Proposed Diversification will be included in the circular to the shareholders of MClean in relation to the Proposals.

15 DIRECTORS' STATEMENT

As disclosed in **Section 12** of this announcement, although Chuah Ai Wen is not deemed to be interested in the Proposed Acquisition, she has, however voluntarily abstained and/or will continue to abstain from deliberating and voting at the Board meetings of the Company in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification.

After having considered all aspects of the Proposals, including their rationale and benefits, the basis and justification for the Purchase Consideration, the terms of the SPA, the risk factors, as well as the effects, the Board (save for Terence and Chuah Ai Wen in relation to the Proposed Private Placement, Proposed Acquisition and Proposed Diversification) is of the opinion that the Proposals are in the best interests of the Company.

16 AUDIT COMMITTEE'S STATEMENT

The Audit Committee (save for Chuah Ai Wen) has considered the advice of the Independent Adviser and all relevant aspects of the Proposed Private Placement, Proposed Acquisition and Proposed Diversification, including their rationale and benefits, the basis and justification for the Purchase Consideration, the terms of the SPA, the risk factors, as well as the effects and has formed the view that the Proposed Private Placement, Proposed Acquisition and Proposed Diversification are:

- (i) in the best interests of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

17 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the 1st half of 2025

18 APPLICATION TO THE AUTHORITIES

An application to Bursa Securities in respect of the Proposals is expected to be submitted within 1 month from the date of this announcement.

19 ADVISER

TA Securities has been appointed as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

20 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA are available for inspection at Registered Office of the Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from 8.30 a.m. to 5.30 p.m. from Monday to Friday (excluding public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 8 October 2024.

DEFINITIONS

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

COMPANIES:

“Accrelist”	:	Accrelist Ltd.
“Accrelist Crowdfunding”	:	Accrelist Crowdfunding Pte. Ltd., a wholly-owned subsidiary of Accrelist
“Bursa Depository”	:	Bursa Malaysia Depository Berhad
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Decor”	:	Decor Industries Pte. Ltd.
“DGC”	:	DGC Holdings Pte. Ltd.
“Jubilee”	:	Jubilee Industries Holdings Ltd., a 52.50% owned subsidiary of Accrelist
“Jubilee Industries”	:	Jubilee Industries (S) Pte. Ltd., a wholly-owned subsidiary of Jubilee
“MClean” or “Company” or “Purchaser”	:	MClean Technologies Berhad
“MClean Group” or the “Group”	:	MClean and its subsidiaries, collectively
“SC”	:	Securities Commission Malaysia
“SCT”	:	Strategics Circuit Test Pte. Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Smith Zander” or “IMR”	:	Smith Zander International Sdn Bhd, the Independent Market Researcher for the IMR Report
“Strategic Capital” or “Independent Adviser”	:	Strategic Capital Sdn Bhd, the Independent Adviser for the Proposed Acquisition
“TA Securities” or “Principal Adviser”	:	TA Securities Holdings Berhad
“WTE” or the “Vendor”	:	We Total Engineering Sdn Bhd, a wholly-owned subsidiary of Jubilee Industries

GENERAL:

“6M-FPE”	:	6-month financial period ended
“Act”	:	Companies Act 2016
“B2B”	:	Business-to-business
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of MClean

DEFINITIONS (CONT'D)

“CAGR”	:	Compound annual growth rate
“CMSA”	:	Capital Markets and Services Act 2007
“Code”	:	Malaysian Code on Take-overs and Mergers 2016
“DOSM”	:	Department of Statistics Malaysia
“E&E”	:	Electrical and electronics
“EGM”	:	Extraordinary general meeting of MClean
“EPS”	:	Earnings per share
“FYE”	:	Financial year ended/ ending as the case may be
“GDP”	:	Gross Domestic Product
“Interested Person”	:	A director, major shareholder or chief executive of the Company or of its holding company
“IMR Report”	:	Independent Market Research Report on the plastic injection moulding industry in Malaysia prepared by Smith Zander
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	2 October 2024, being the latest practicable date prior to this announcement
“LPS”	:	Loss per share
“Management”	:	Management of MClean Group
“MClean Shares” “Shares”	or :	Ordinary shares in the Company
“MOF”	:	Ministry of Finance Malaysia
“NA”	:	Net assets attributable to owners of the Company
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PCB”	:	Printed circuit board
“Placement Shares”	:	Up to 49,300,000 new MClean Shares to be issued pursuant to the Proposed Private Placement
“Plastic Business”	:	Plastic injection moulding business
“Plastic Business of WTE”	:	Certain business assets of the Plastic Business of WTE to be acquired by MClean
“Proposals”	:	Proposed Private Placement, Proposed Acquisition, Proposed Diversification and Proposed Share Capital Reduction, collectively
“Proposed Acquisition”	:	Proposed acquisition by MClean of the Plastic Business of WTE for the Purchase Consideration
“Proposed Diversification”	:	Proposed diversification of the existing businesses of MClean Group to include the Plastic Business
“Proposed Private Placement”	:	Proposed private placement of up to 49,300,000 new MClean Shares representing approximately 25% of the total number of issued MClean Shares (excluding any treasury shares)

DEFINITIONS (CONT'D)

“Proposed Share Capital Reduction”	:	Proposed reduction of RM35.00 million of the issued share capital of MClean pursuant to Section 117 of the Act
“Purchase Consideration”	:	Purchase consideration of approximately RM6.04 million to be paid to the Vendor in cash pursuant to the Proposed Acquisition
“R&D”	:	Research and development
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia
“SGD”	:	Singapore Dollars, the lawful currency of Singapore. For illustrative purposes, the exchange rate for the Singapore Dollars, on the LPD is based on the middle rate of BNM as at 5.00 p.m. on the LPD (SGD1: RM3.2343)
“Singapore”	:	The republic of Singapore
“Terence”	:	Datuk Dr. Terence Tea Yeok Kian, the Executive Chairman of MClean
“TIV”	:	Total industry volume
“UK”	:	United Kingdom
“US”	:	United States of America
“USD”	:	United States Dollars, the lawful currency of the US. For illustrative purposes, the exchange rate for the United States Dollars, on the LPD is based on the middle rate of BNM as at 5.00 p.m. on the LPD (USD1: RM4.1660)
“VWAP”	:	Volume weighted average market price

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SALIENT TERMS OF THE SPA

1. Sale and purchase of Plastic Business of WTE

The Vendor has agreed to sell, transfer, assign and deliver the Plastic Business of WTE and the Purchaser has agreed to acquire as is where is basis from the Vendor the Plastic Business of WTE free from encumbrances whatsoever together with all interest and rights attached thereto at the Purchase Consideration. For the avoidance of doubt, the Plastic Business of WTE include:

- (i) all stock, work in progress, finished and semi-finished goods and inventory;
- (ii) all operating assets, equipment, plant and machinery;
- (iii) existing employees of the Vendor;
- (iv) any amounts due from debtors of the Vendor as at 31 August 2024;

For the avoidance of doubt, all account receivables collected by the Vendor after 31 August 2024 shall belong to the Purchaser or its subsidiary. The Vendor shall pay or cause to be paid all account receivables collected by the Vendor after the 31 August 2024 (if any) to the Purchaser or its subsidiary upon receipt of the same or upon the completion of the Proposed Acquisition, whichever is later. In the event the Purchaser or its subsidiary fails to collect the account receivables (or any part thereof) within 6 months from the completion date for the Proposed Acquisition, the Vendor shall be liable to pay or cause to be paid to the Purchaser or its subsidiary the sum equivalent to the uncollected account receivables;

- (v) the right to use the Vendor's business' name, logo and know-how for the Plastic Business; and
- (vi) the deposit for the rental of the existing properties by the Vendor, the deposit of the utilities and the pre-payment for the insurance in respect of the operation of the Plastic Business as at 31 August 2024.

2. Purchase Consideration

The Purchase Consideration was arrived on the willing seller willing buyer basis based on the unaudited book value of the Plastic Business of WTE as at 31 August 2024.

The Purchase Consideration shall be paid in the following manner:

- (a) Upon execution of the SPA, the Purchaser shall pay a sum of RM301,800 or 5% of the Purchase Consideration ("**SPA Deposit**") to the Vendor. The Vendor shall refund the SPA Deposit to the Purchaser if the conditions precedent as set out in Section 3 of this **Appendix I** ("**Conditions Precedent**") cannot be fulfilled within four (4) months from the date of the SPA or such other period as the parties may mutually agreed upon ("**Conditional Period**"); and
- (a) The remaining balance of RM5,734,200 shall be paid by the Purchaser to the Vendor within six (6) months from the date of fulfilment of the Conditions Precedent with an automatic extension of six (6) months provided that the Purchaser shall pay an interest on the balance sum outstanding at the rate of 8% per annum calculated on daily rest basis.

SALIENT TERMS OF THE SPA (CONT'D)

3. Conditions Precedent

The SPA shall be conditional upon the following being obtained, procured and/or fulfilled or being waived within the Conditional Period or such other period mutually agreed by the Purchaser and/or the Vendor and/or Jubilee:

- (a) satisfactory legal, financial and/or business due diligence findings on the Plastic Business of WTE by the Purchaser;
- (b) the approval of the shareholders of the parties and (if required) the approval of the shareholders of the Vendor's ultimate holding company, Jubilee, at their respective general meetings to be convened for the Proposed Acquisition; and
- (c) such other waivers, consents or approvals as may be required.

4. Conditions for completion

The conditions for completion of the SPA are as follows:

- (a) each of the representations and warranties remains accurate at the completion date of the SPA;
- (b) execution of employment agreement between the Purchaser or its subsidiary and the existing employees of the Vendor;
- (c) execution of novation agreement between the Vendor, the Purchaser or its subsidiary and the landlord for the existing property rented by the Vendor to novate the tenancy to the Purchaser or its subsidiary as the new tenant;
- (d) receipt of acknowledgements of the letters sent by the Vendor to all the existing stakeholders of the Plastic Business and notifying such stakeholders on the sale of the Plastic Business of WTE to the Purchaser or its subsidiary (if required);
- (e) the Purchaser's receipt of the proceeds to be raised from the Proposed Private Placement of not less than the Purchase Consideration; and
- (f) no Governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transactions contemplated by the SPA illegal or restraining or prohibiting consummation of such transactions.

5. Restrictive Covenants

The Vendor undertakes that, unless the Purchaser has given their consent in writing, they will not directly or indirectly, on their own or through their affiliate, family members, business associates, partners or nominee from the date of the SPA up to the first day after the expiry of five (5) years after the completion date for the Proposed Acquisition:

- (a) manage, control, participate in, render services to, invest, lend money to, carry on any business similar to or in competition with the Plastic Business in Malaysia;
- (b) solicit or attempt to solicit any business transaction with any person, firm, company or organisation who have been a customer, client, agent or correspondent of the Plastic Business in Malaysia;
- (c) directly or indirectly induce or attempt to induce any officer or employee of the Purchaser to terminate their employment relationship with the Purchaser;
- (d) disclose or divulge to any third party any private or confidential information relating to the Plastic Business;

SALIENT TERMS OF THE SPA (CONT'D)

- (e) use such words in such a way as to be capable of or likely to be confused with the name of the Plastic Business and shall use all reasonable endeavour to procure that no such name shall be used by any person, firm or company with which they are connected; and
- (f) interfere or seek to interfere with the continuance of supplies to the Plastic Business from any person who shall at any time have been a supplier of goods or services to the Plastic Business if such interference causes or would likely cause that supplier to cease supplying or materially reduce or alter the terms of its supply of such goods or services to the Plastic Business.

6. Default

If any of the following events occurs before the completion date, the other non-defaulting party may (but is not obliged to) give notice in writing to the defaulting party, requiring the defaulting party to remedy the said default or breach within 14 days from being notified by the non-defaulting party:

- (a) Breach: breach of any terms or conditions of the SPA; or
- (b) Warranties: breach of any warranties of the SPA.

7. Termination

If the defaulting party fails to remedy the relevant default or breach within the said 14 days, the non-defaulting party may elect to the following:

- (a) terminate the SPA by giving written notice to the defaulting party, the Vendor shall refund all the monies paid towards the Purchase Consideration to the Purchaser and no party shall have any further obligation to buy or sell the Plastic Business of WTE; or
- (b) to claim for specific performance.

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