THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANKER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Circular prior to its issuance or to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

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

KOTRA INDUSTRIES BERHAD

199901022732 (497632-P)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

The 27th Annual General Meeting ("AGM") will be held at physical premise. The Notice of the AGM of Kotra Industries Berhad ("KOTRA" or the "Company") which sets out the ordinary resolution to consider the abovementioned proposal together with the Form of Proxy are set out in the Company's Annual Report 2026 available in KOTRA's website at www.kotrapharma.com

A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to vote for and on his/her/its behalf. In such event, the Form of Proxy should be lodged at the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka on or before the date and time indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy	:	Monday, 23 November 2026 at 9:30 a.m.
Day, date and time of the AGM.....	:	Wednesday, 25 November 2026 at 9:30 a.m.
Venue of AGM …….....	:	Auditorium Hall, Kotra Pharma Technology Centre, No. 2, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka.

This Circular is dated 27 October 2026

DEFINITIONS

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

"Act"	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
"AGM"	:	Annual General Meeting
"Appeton Healthcare"	:	Appeton Healthcare Sdn. Bhd. – 200901006249 (849208-T)
"Appeton Laboratory"	:	Appeton Laboratory Sdn. Bhd. – 198101001227 (67336-V)
"Arm's Length"	:	Principle in which transactions between associated parties are conducted at arm's length price. Arm's length price is the price which would have been determined if such transactions were made between independent entities under the same or similar circumstances.
"BigLink Rewards"	:	BigLink Rewards Sdn. Bhd. – 201801007246 (1269260-X)
"Board"	:	The Board of Directors of KOTRA
"Bursa Securities"	:	Bursa Malaysia Securities Berhad – 200301033577 (635998-W)
"Circular"	:	This Circular to the shareholders of KOTRA dated 27 October 2026
"Coxinet"	:	Coxinet Asset Sdn. Bhd. – 201101011143 (939273-D)
"Director"	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding of six (6) months from the date on which the terms of the transaction were agreed upon, a director or chief executive officer of KOTRA, its subsidiaries or holding company
"Kite Training"	:	Kite Training & Consultancy Sdn. Bhd. – 202201046767 (1492464-W)
"KOT"	:	Kwong Onn Tong Sdn. Bhd. – 197701005319 (36327-U)
"KOTRA" or "Company"	:	Kotra Industries Berhad – 199901022732 (497632-P)
"KOTRA Group" or "Group"	:	KOTRA and its subsidiaries
"KOTRA Share(s)" or "Share(s)"	:	Ordinary share(s) in KOTRA
"KP Healthcare"		KP Healthcare Sdn. Bhd. – 202601039197 (1701292-M)
"KPM"	:	Kotra Pharma (M) Sdn. Bhd. – 198201010358 (90082-V)
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
"Lonnix"	:	Lonnix (M) Sdn. Bhd. – 199301014506 (269246-T)
"Major Shareholder"	:	A person who has an interest or interests in one or more voting shares in the Company and the aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company; and includes any person who was within the 6 preceding months of the date on which the terms of transaction were agreed upon, a Major Shareholder of KOTRA For the purposes of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act
"N/A"	:	Not applicable
"PNKH"	:	Piong Nam Kim Holdings Sdn. Bhd. – 199701026696 (442194-M)
"Proposed Mandated Period"	:	From 25 November 2026 (i.e. the date of the forthcoming AGM) to the next AGM

"Person(s) Connected"	:	Shall have the same definition as in Chapter of 1.01 of the Listing Requirements.
"Proposed Shareholders' Mandate"	:	Proposed renewal of shareholders' mandate for existing RRPT of a revenue or trading nature
"Quanweili"	:	Quanweili Sdn. Bhd. – 201401035899 (1112034-H)
"Recurrent Related Party Transactions" or "RRPT"	:	Transactions of a revenue or trading nature which are necessary for the day-to-day operations and are entered into by KOTRA or KPM in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
"Related Party(ies)"	:	A Director, a Major Shareholder or a person connected with such Director or Major Shareholder and "Related Parties" shall be construed accordingly
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Shareholders' Mandate"	:	Shareholders' approval for a general mandate in connection with RRPT

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that KOTRA's plans and objectives will be achieved.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

Page

LETTER TO THE SHAREHOLDERS OF KOTRA CONTAINING: -

1. INTRODUCTION 1

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE 2

3. STATEMENT BY THE AUDIT COMMITTEE 9

4. RATIONALE AND BENEFITS 9

5. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE 10

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM 11

7. DIRECTORS' RECOMMENDATION 12

8. APPROVALS REQUIRED 12

9. ANNUAL GENERAL MEETING 12

10. FURTHER INFORMATION 12

APPENDIX I 13

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

KOTRA INDUSTRIES BERHAD

199901022732 (497632-P)

(Incorporated in Malaysia)

Registered Office:
No. 60-1
Jalan Lagenda 5
Taman 1 Lagenda
75400 Melaka

27 October 2026

The Board of Directors:
Datuk Jamaludin Bin Nasir *(Independent Non-Executive Chairman)*
Piong Teck Onn *(Managing Director)*
Lee Min On *(Independent Non-Executive Director)*
Datuk Piong Teck Yen *(Non-Independent Non-Executive Director)*
Chin Swee Chang *(Executive Director)*
Piong Chee Kuan *(Non-Independent Non-Executive Director)*

To: The Shareholders of Kotra Industries Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

---

1. INTRODUCTION

At the Company's 26th AGM held on 27 November 2025, the Company had obtained the Shareholders' Mandate for the Group to enter into RRPT on terms not more favourable to the Related Party than those generally available to the public and on terms not to the detriment of the minority shareholders.

This approval shall lapse at the conclusion of the forthcoming 27th AGM which will be held on 25 November 2026, unless the renewal of the Shareholders' Mandate is obtained at the said AGM.

On 12 October 2026, the Board announced that KOTRA is proposing to seek shareholders' approval for the Proposed Shareholders' Mandate at the 27th AGM of the Company to be held on Wednesday, 25 November 2026.

The purpose of this Circular is to provide you with the relevant details, rationale and financial effects of the Proposed RRPT and to seek your approval for the resolution to be tabled at the forthcoming 27th AGM of the Company. The Notice of the 27th AGM, together with the Form of Proxy, is set out in the 2026 Annual Report of the Company, which is available on the Company's website together with this Circular.

AS KOTRA SHAREHOLDERS, YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED SHAREHOLDERS' MANDATE.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Background Information

Pursuant to Paragraph 10.09 (2) of the Listing Requirements, the Company may seek a Shareholders' Mandate to enter into RRPT with regard to Related Party Transactions involving recurrent transactions of a revenue or trading nature which are made at arm's length and are necessary for its day-to-day operations subject to, among others, the following:-

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of the minority shareholders;

(b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:

(i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or

(ii) the percentage ratio of such RRPT is 1% or more,

whichever is the higher;

(c) the Circular to shareholders for the Shareholders' Mandate includes the information as may be prescribed by Bursa Securities;

(d) at the meeting to obtain the shareholders' mandate, the interested Director, interested Major Shareholder or Interested Person Connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the mandate. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the mandate; and

(e) KOTRA immediately announces to Bursa Securities when the actual value of a RRPT entered into by KOTRA exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more, and must include the information as may be prescribed by Bursa Securities in its announcement.

In the ordinary course of business, it is anticipated that the Group will enter into the RRPT which are detailed herein. It is likely that such transactions will occur with some degree of frequency and can arise anytime.

Pursuant thereto, the Board is seeking shareholders' approval on the Proposed Shareholders' Mandate, provided that such transactions are:-

(a) made at arm's length and on normal commercial terms of the Group;

(b) on terms which are not more favourable to the Related Parties than those generally available to the public; and

(c) not detrimental to the minority shareholders.

The Proposed Shareholders' Mandate will also be subject to the review procedures set out in Section 2.5 below.

2.2 Business Activities of the Group

KOTRA was incorporated in Malaysia under the Act on 28 October 1999 as a public limited company and is principally an investment holding company and currently listed on the Main Market of Bursa Securities. The principal activity of KOTRA's wholly-owned subsidiary, KPM, is that of developing, manufacturing and distributing pharmaceutical and healthcare products under the major brand names Appeton, Axcel and Vaxcel. The other subsidiary companies of KOTRA, namely Appeton Healthcare, BigLink Rewards, Kite Training and KP Healthcare are presently dormant. KOTRA does not have any associate company.

KPM was incorporated in Malaysia under the Act on 15 September 1982 as a private limited company under the name of Kotra (M) Sdn. Berhad, before subsequently changing to its present name on 3 September 1996.

The principal activities of the subsidiaries are as follows:-

Name of Subsidiary	Equity Interest (%)	Principal Activity
Kotra Pharma (M) Sdn. Bhd.	100	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	100	Dormant
BigLink Rewards Sdn. Bhd.	100	Dormant
Kite Training and Consultancy Sdn. Bhd.	100	Dormant
KP Healthcare Sdn. Bhd.	100	Dormant

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2.3 Classes of Related Parties and Nature of Transactions

2.3.1 Mandated Related Parties to which the Shareholders' Mandate is applicable are as follows:-

The Mandated Related Parties	Principal Activities	Interested Directors / Major Shareholders	Shareholdings of Interested Directors & Major Shareholders in the Mandated Related Parties		The Group's Relationship with the Mandated Related Parties
			Direct (%)	Indirect (%)	
KOT	Dealers in medicinal products	Piong Teck Onn Datuk Piong Teck Yen	- -	- -	A Related Party by virtue of Piong Teck They, who is a major shareholder of KOT, is a brother to Piong Teck Onn and Datuk Piong Teck Yen (both Directors of KOTRA), and uncle to Piong Chee Kuan (also a Director of KOTRA).
Lonnix	Manufacture and trading of pharmaceutical and health related products	Piong Chee Kuan	15	-	A company in which Piong Chee Kuan, who is a Director of KOTRA, is also a major shareholder of Lonnix.
Appeton Laboratory	Property letting	Piong Teck Onn Datuk Piong Teck Yen	99 -	1 -	A company in which Datuk Piong Teck Yen and Piong Teck Onn, who are Directors of KOTRA, are Directors and Piong Teck Onn is a major shareholder.
Quanweili	Wholesaler trading in medicinal products, herbs and food stuff	Piong Teck Onn Datuk Piong Teck Yen	- -	- -	A Related Party by virtue of Piong Teck They, who is a major shareholder of Quanweili, is a brother to Piong Teck Onn and Datuk Piong Teck Yen (both Directors of KOTRA), and uncle to Piong Chee Kuan (also a Director of KOTRA).
Coxinet	Investment Holding	Piong Teck Onn	75	25	A company in which Piong Teck Onn, a Director and major shareholder of KOTRA, is a Director and major shareholder.

2.3 Classes of Related Parties and Nature of Transactions (cont'd)

2.3.2 Transactions between KPM and the Mandated Related Parties

(a) Transactions under the Proposed Renewal of the Existing Shareholders' Mandate

The Mandated Related Parties	Nature of Transactions	Estimated Aggregate Value of Preceding Year's Mandate 28.11.25 to 25.11.26 (RM)	Actual Aggregate Value Transacted from 28.11.25 to 30.09.2026^ (RM)	Estimated Aggregate Value for Proposed Mandated Period* (RM)
KOT	• Sales of goods by KPM to KOT (1)	700,000	284,769	700,000
Lonnix	• Charges by Lonnix to KPM for contract manufacture and repackaging of goods (2)	500,000	-	500,000
Appeton Laboratory	• (A) Rental charged by Appeton Laboratory to KPM for use of premises as hostel for KPM's staff	7,800	4,550	7,800
Quanweili	• Sales of goods by KPM to Quanweili (1)	500,000	-	500,000
Coxinet	• (B) Rental charged by Coxinet for use of office premises by KPM	1,035,000	820,000	1,035,000

Notes:-

(1) *The types of goods sold by KOT and Quanweili for KPM comprise mainly Appeton range of health supplements and Creobic Cream. In addition, KOT and Quanweili also distribute KPM's sunset products that were developed in the past but are no longer focus products of KPM.*

(2) *The goods mentioned here refer to Effervescent Energy Drink, other health supplements and nutritional range products.*

* *The above estimated values during the Proposed Mandated Period are based on prevailing product prices or market rental rates and the level of operations as envisaged by the Board. The estimated aggregate values may vary and are subject to change.*

^ *The actual value from 28 November 2025 to 30 September 2026 (being the latest practicable date) did not exceed the estimated value of the RRPT as disclosed in last year's circular to shareholders of KOTRA dated 29 October 2025.*

2.3.2 Transactions between KPM and the Mandated Related Parties (cont'd)

(b) Description of properties

Description of Property	Postal Address	Estimated Usage of Rental Space / Built-up Area Square metre (sq.m.)	Rental per Month (RM)	Period of Tenancy	Ownership of Property
(A) Shop lot	36 A, Taman Cheng Baru, 75250 Melaka.	Hostel 164 sq.m.	650	Two (2) years commencing 15 June 2001 with options to renew for another two (2) year period from the expiry date. A renewal letter will be sent to the landlord when there is a need to rent the property.	Appeton Laboratory
(B) Business Suites	Vertical Business Suite, Unit 35-01, Level 35, Tower A, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	Marketing office 1,291.57 sq.m.	82,000	Two (2) years commencing 1 August 2015 with options to renew for a further two (2) year period from the expiry date. A further renewal letter of extension to 31 July 2027 has been sent and agreed by the tenant. Upon approval of this mandate, a renewal letter of extension for another one (1) year period will be sent to the landlord upon the expiry of the current tenancy agreement.	Coxinet

2.4 Details of the sums due and owing by the Related Parties pursuant to a RRPT which exceeded the Credit Term as at 30 June 2026

There is no amount due and owing to the Group which has exceeded the credit term, by its related parties pursuant to RRPTs.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2.5 Review Procedures for RRPT

To ensure that the Proposed Shareholders' Mandate is based on normal commercial terms consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Party than those generally available to the public, and not to the detriment of minority shareholders, the Group undertakes the following review procedures:-

(a) The sale and purchase of products or services shall be determined based on prevailing rates/prices of the products or services (including, where applicable, preferential rates/ prices/bulk discounts accorded to classes of customers) according to their usual commercial terms, business practices and policies. The transaction prices for the sale and purchase of products are determined by comparing the selling prices to non-related customers and quotations from local suppliers and the quality and delivery service as well as the feedback from sales and purchasing personnel on the indicative pricing.

The rate of rental of properties shall be based on the prevailing market rates for the same or similar properties and shall be on normal commercial terms at the point of entering into the tenancy agreement(s) or upon renewal.

(b) The Group shall maintain records to record all RRPT entered into pursuant to the Proposed RRPT to ensure that relevant approvals have been obtained.

(c) The Audit Committee shall review the RRPT on a quarterly basis to ensure that they are transacted on terms and conditions, which are not more favourable to the Related Party than those generally available to the public or non-related customers and are not to the detriment of minority shareholders in the light of the circumstances concerned. In the event the established procedures are not sufficient to ensure that the RRPT will be conducted on normal commercial terms and/or the RRPT are detrimental to minority shareholders of KOTRA, the Company will obtain a fresh mandate from shareholders based on the new guidelines and procedures.

(d) Based on its review of the RRPT, the Audit Committee has the responsibility of reporting the same to the Board.

(e) A member of the Board or Audit Committee who has an interest, direct or indirect, in the RRPT, shall declare his interest in the RRPT and abstain from any participation and deliberation in decision of the Board or Audit Committee on the said transactions.

(f) The Company's Annual Report shall disclose a breakdown of the aggregate value of all RRPT conducted pursuant to the Proposed Shareholders' Mandate during the financial year and, amongst others, based on the type of RRPT made and their relationship with the Company, to which the Annual Report relates, for so long as the Shareholders' Mandate remains in force.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the Audit Committee, in its review of the RRPT may, as it deems fit and whenever available, request for additional information pertaining to the transactions from independent sources or advisers.

2.5 Review Procedures for RRPT (cont'd)

There are no specific thresholds for approval of the RRPT. However, the guidelines for the relevant approving authority practised by the Company in relation to RRPT are as follows:-

i. The Senior Finance Manager (not being a person connected to the Related Party) is designated by the Audit Committee to review the day-to-day transactions to satisfy that the transactions are those which have been approved by the Shareholders' Mandate, are based on normal terms consistent with the Group's usual business practices and policies and in accordance with paragraph 2.5.

ii. The Senior Finance Manager shall table all RRPT entered into by the Group to the Audit Committee for review on a quarterly basis together with an analysis of transactions with non-related parties or quotations from local suppliers, where relevant, to justify approval of the transactions.

iii. In the event the Senior Finance Manager is not satisfied that an RRPT presented for the approval is one which meets the criteria set out in paragraph (i) above, he/she shall immediately contact the Audit Committee Chairman who has the discretion to call for an Audit Committee meeting to deliberate this matter.

iv. In the event the Audit Committee is of the opinion that the above established procedures are not sufficient and/or the established procedures are not sufficient to ensure that the RRPT will be conducted on normal commercial terms and/or the RRPT are detrimental to minority shareholders of KOTRA, the Company will obtain a fresh mandate from shareholders based on the new guidelines and procedures.

2.6 Validity Period of the Proposed RRPT

If approved at the forthcoming 27th AGM, the Proposed Shareholders' Mandate will take effect from the passing of the ordinary resolution relating thereto at the AGM and will continue to be in force until:-

(a) the conclusion of the next AGM of the Company following the forthcoming 27th AGM at which the Proposed RRPT is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting, before the next AGM;

whichever is the earliest.

2.7 Disclosure

The Company's Annual Report 2027 shall disclose the breakdown of the aggregate values of the Proposed RRPT conducted for the year ending 30 June 2027 based on the nature of the transactions made and the names of the Related Parties involved in each type of the RRPT made and their relationship with the Group.

3. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of KOTRA has seen and reviewed the terms of the Proposed Shareholders' Mandate and, save for Mr. Piong Chee Kuan who is deemed connected to the Related Parties, as highlighted in section 6 below and thus abstained in any deliberations or voting on this matter, is satisfied that the guidelines and procedures, mentioned in section 2.5, are sufficient to ensure that such transactions will be carried out on normal commercial terms which are not prejudicial to the interest of shareholders, and that the terms of the Proposed Shareholders' Mandate are not more favourable to the Related Parties than those generally available to the public and the Proposed Shareholders' Mandate are not detrimental to minority shareholders of KOTRA.

In addition, the Audit Committee reviews the procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner on a yearly basis or as and when required. The Audit Committee is satisfied that adequate procedures and processes have been put in place by the Group to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee also reviews the Proposed RRPT on a quarterly basis.

4. RATIONALE AND BENEFITS

The Proposed Shareholders' Mandate entered into by the Group with the Mandated Related Parties covers transactions that are entered in the ordinary course of business. They are recurring transactions of revenue or trading nature, which are likely to occur with some degree of frequency and may arise at any time and from time to time. Thus, it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such related party transactions. As such, the Board is seeking a Shareholders' Mandate pursuant to Paragraph 10.09(2) of the Listing Requirements for the RRPT made on an arm's length basis and on normal commercial terms, which are not prejudicial to the interests of shareholders.

With the shareholders' approval on the Proposed Shareholders' Mandate, the need to convene separate general meetings from time to time to seek shareholders' approval, when such RRPT occur, shall be eliminated. This will substantially reduce administrative time, inconveniences and expenses associated with the convening of such meetings while allowing the Group to channel such resources towards attaining corporate objectives and business opportunities available to the Group.

The benefits of transacting with the Mandated Related Parties are as follows:-

(a) <u>Sales of KPM's products to KOT</u>

KOT is an established company in the trading of medicinal products, herbs and foodstuff. Furthermore, KOT is a wholesaler for some of the Group's products, comprising mostly of Appeton range of health supplements and Creobic Cream. Apart from that, KOT also distributes KPM's sunset products that were developed in the past but are no longer the focus products of KPM. KOT has a strong distribution network with various Chinese Medicinal Halls in the country and these existing customers prefer to deal with KOT which is their long-term business partner. As such, appointing KOT as distributor for the wholesaler channel will contribute to KOTRA Group's sales and profitability. The selling prices and other terms and conditions extended to KOT are not more favourable than those extended to the Group's non-related customers.

(b) <u>Contract manufacturing and repackaging of KPM's goods by Lonnix</u>

Lonnix is an established manufacturer and trader of pharmaceutical and health related products. Lonnix possesses the ability and equipment necessary to manufacture and repackage some of KPM's products.

The Group will benefit from the convenience of having Lonnix's plant at close proximity to KPM's plant where both plants are located in the Cheng Industrial Estate. At the same time, KPM will be assured of good services at competitive rates by outsourcing the manufacturing of this range of products to Lonnix.

4. RATIONALE AND BENEFITS (cont'd)

(c) Rental of premises as hostel for KPM's staff

The rented premises used as hostel are situated in Taman Cheng Baru, which is near to KPM's factory in Cheng Industrial Estate. This location makes it a convenient place to accommodate the staff of KPM as it is generally easy for them to make their way to work and back.

(d) Sales of KPM's products to Quanweili

Quanweili is a wholesaler trading in medicinal products, herbs and foodstuff. Furthermore, Quanweili focuses mainly in the cash van sales distributing to the lower trade and rural areas which are not covered by KPM. Quanweili has a strong distribution network in these areas. Apart from that, Quanweili also distributes KPM's sunset products that were developed in the past but are no longer the focus products of KPM. As such, sales of KPM's products to Quanweili will contribute to KOTRA Group's revenue and profitability. The selling prices and other terms and conditions extended to Quanweili are not more favourable than those extended to the Group's non-related customers.

(e) Rental of Sales and Marketing Office Premises (Bangsar South)

This proposed unit in Bangsar South is approximately 13,900 sq. feet and large enough to accommodate the whole team in one (1) floor. This will create a conducive working environment for the sales and marketing team.

Moreover, it is strategically located at the heart of business hubs which is considered a prime location. This is much needed in line with the Group's expansion into the global market. It will give confidence to potential business partners. It is also more convenient and accessible to the Group's customers, business partners and staff.

5. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect on the share capital, net assets, working capital, earnings and dividend of the Group, and the Major Shareholders' shareholdings in our Company, and is not expected to be any different from similar transactions with non-related parties.

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

The direct and indirect interests of all Directors and Major Shareholders of KOTRA, and/or persons connected to them in respect of the Proposed RRPT, as at the latest practical date based on the records of the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings as at 30 September 2026 are as follows:-

	No. of Shares held as at 30 September 2026			
	Direct	**%**	**Indirect**	**%**
Major Shareholders				
PNKH	64,624,362	43.57	-	-
Piong Teck Onn	16,286,626	10.98	73,087,562*	49.28
Datuk Piong Teck Yen	8,296,564	5.59	-	-

Note:-

* *Deemed interested by virtue of his interests in PNKH, Medisch Specialist Centre Sdn. Bhd. and Platinum Essence Sdn. Bhd. and his son, Piong Chee Wei's interest pursuant to Section 8(4) of the Act.*

	No. of Shares held as at 30 September 2026			
	Direct	**%**	**Indirect**	**%**
Interested Directors				
Piong Teck Onn	16,286,626	10.98	73,141,562#	49.32
Datuk Piong Teck Yen	8,296,564	5.59	-	-
Chin Swee Chang	2,314,800	1.56	4,054,000°	2.73
Piong Chee Kuan	-	-	-	-
Persons Connected to Interested Directors				
Piong Teck They	30,000	0.020	-	-
Piong Chee Wei	4,000,000	2.697	-	-
Piong Chee Lin	4,000	0.003	-	-
Piong Chee Hoong	50,000	0.034	-	-

Notes:-

\# *Deemed interested by virtue of his interests in PNKH, Medisch Specialist Centre Sdn. Bhd. and Platinum Essence Sdn. Bhd. pursuant to Section 8(4) of the Act and his sons, Piong Chee Wei's, Piong Chee Lin's, and Piong Chee Hoong's interests pursuant to Section 59(11) of the Act.*

° *Deemed interested by virtue of her sons, Piong Chee Wei's, Piong Chee Lin's, and Piong Chee Hoong's interests pursuant to Section 59(11) of the Act.*

Mr. Piong Chee Kuan, Mr. Piong Teck Onn, Datuk Piong Teck Yen and Madam Chin Swee Chang are Directors of the Company and Mr. Piong Teck Onn is deemed Major Shareholder of the Company. They are deemed interested in the Proposed Shareholders' Mandate by virtue of them being Related Parties. Accordingly, they have all abstained and will continue to abstain from deliberations and voting at the relevant Board or Committee meetings of KOTRA to consider the Proposed RRPT.

The abovementioned Interested Directors, Major Shareholder and Persons Connected to Interested Directors will also abstain from voting, in respect of their direct and indirect interests in KOTRA, on the resolution approving the Proposed Shareholders' Mandate to be tabled at the forthcoming 27th AGM. They will also

undertake to ensure that all persons connected to them will also abstain from voting in the AGM, in respect of their direct and indirect interests in KOTRA on the Proposed Shareholders' Mandate.

Save as disclosed above, none of the other Directors and/or Major Shareholder and/or persons connected with Directors and/or Major Shareholder has any interest, direct or indirect, in the Proposed RRPT.

7. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Shareholders' Mandate, the Board save for Mr. Piong Chee Kuan, Mr. Piong Teck Onn, Datuk Piong Teck Yen and Madam Chin Swee Chang, being interested Directors and/or Major Shareholder of KOTRA, who are interested in the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is fair, reasonable and in the best interest of the Company.

For the reasons stated above, the Directors (with the exception of Mr. Piong Chee Kuan, Mr. Piong Teck Onn, Datuk Piong Teck Yen and Madam Chin Swee Chang) recommend that the shareholders vote in favour of the resolution in respect of the Proposed Shareholders' Mandate to be proposed at the forthcoming 27th AGM.

8. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to and conditional upon the approval of the shareholders of KOTRA at the forthcoming 27th AGM to be convened or at any adjournment thereof. Save for the approval of the shareholders of KOTRA, there are no other approvals required for the Proposed Shareholders' Mandate.

9. ANNUAL GENERAL MEETING

The 27th AGM, the Notice of which is enclosed in the Annual Report 2026 accompanying this Circular, will be held on Wednesday, 25 November 2026 at 9:30 a.m. at Auditorium Hall, Kotra Pharma Technology Centre, No. 2, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Shareholders' Mandate under the agenda of Special Business as set out in the Annual Report 2026.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report 2026 in accordance with the instructions printed thereon as soon as possible, for the document to arrive at the Registered Office of the Company at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka or e-mail to ir_kib@kotrapharma.com not less than 48 hours before the time appointed for holding the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are requested to refer to Appendix I of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
KOTRA INDUSTRIES BERHAD

DATUK JAMALUDIN BIN NASIR
Independent Non-Executive Chairman

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of KOTRA who collectively and individually, accept full responsibility for the accuracy of the information contained herein and confirm that, after having taken due care and making all reasonable enquiries, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business during the two (2) years preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIM OR ARBITRATION

The Directors of KOTRA confirm that KOTRA and its subsidiary companies were not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors of KOTRA do not have any knowledge of proceedings, pending or threatened against KOTRA and/or its subsidiary companies, or any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of KOTRA and/or its subsidiary companies as at the last practicable date prior to the printing of this Circular.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka during normal business hours from the date hereof up to the time fixed for the holding of the AGM:-

(a) Constitution of KOTRA; and

(b) Audited Consolidated Financial Statements of KOTRA for the past two (2) financial years ended 30 June 2025 and 30 June 2026.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK