

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad has not perused Part B of this Circular on the Proposed Renewal of Authorisation for Purchase of Own Shares prior to its issuance as it is an exempt circular. Bursa 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.



**MALAYSIAN BULK CARRIERS BERHAD**

(Company No: 175953-W)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PART A**

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

**PART B**

**PROPOSED RENEWAL OF AUTHORISATION FOR PURCHASE OF OWN SHARES**

**IN CONJUNCTION WITH**

**THE SPECIAL BUSINESS AT THE 26<sup>th</sup> ANNUAL GENERAL MEETING**

The above proposals will be tabled as Special Business at the 26<sup>th</sup> Annual General Meeting ("AGM") of the Company. The notice convening the AGM of Malaysian Bulk Carriers Berhad to be held on Wednesday, 27 May 2015 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur together with the Form of Proxy are set out in the Company's 2014 Annual Report despatched together with this Circular.

A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote on his or her behalf. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

The Form of Proxy should be completed and lodged at Level 17, PJ Tower, No. 18 Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan not later than 48 hours before the time fixed for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so. If a member attends and votes in person at the AGM, the appointment of proxy is rendered void. The last day and time for lodging the Form of Proxy is Monday, 25 May 2015 at 10:00 a.m.

This Circular is dated 30 April 2015

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## DEFINITIONS

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Unless otherwise stated, the following definitions shall apply throughout this Circular:

“Act”	:	The Companies Act, 1965
“AGM”	:	Annual General Meeting
“Agrifert”	:	Agrifert Malaysia Sdn. Bhd. (53410-A), a company incorporated in Malaysia
“ATSB”	:	Affluence Trading Sdn. Bhd. (56897-K), a company incorporated in Malaysia
“Board”	:	The board of directors of MBC
“Bursa Malaysia”	:	Bursa Malaysia Securities Berhad (635998-W)
“Code”	:	Malaysian Code on Take-Overs and Mergers (2010)
“Company” or “MBC”	:	Malaysian Bulk Carriers Berhad (175953-W), a company incorporated in Malaysia
“Director(s)”	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within preceding 6 months of the date on which terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company, or a chief executive officer of the Company, its subsidiary or holding company
“KBSB”	:	Kuok Brothers Sdn Berhad (1765-T), a company incorporated in Malaysia.
“KSL”	:	Kuok (Singapore) Limited (194800006K), a company incorporated in the Republic of Singapore.
“KSL Group”	:	KSL, its subsidiaries and associate companies, collectively.
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Malaysia.
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company; and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company as defined above or any other company which is its subsidiary or holding company. For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act
“MBC Group” or “the Group”	:	MBC and its subsidiaries, collectively.

- “PCL” : Pacific Carriers Limited (197300034E), a company incorporated in the Republic of Singapore.
- “PCL Group” : PCL, its subsidiaries and associate companies, collectively.
- “person connected” : in relation to a director or major shareholder, means such person who falls under any one of the following categories:
- (a) a family member of the director or major shareholder (“family” shall include spouse; parent; child including adopted child and stepchild; brother; sister; spouse of child, brother or sister);
  - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the director, major shareholder or a family member of the director or major shareholder is the sole beneficiary;
  - (c) a partner of the director, major shareholder or a partner of a person connected with that director or major shareholder;
  - (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
  - (e) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
  - (g) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
  - (h) a body corporate in which the director, major shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
  - (i) a body corporate which is a related corporation.

“PCS”	:	PPB Corporate Services Sdn Bhd (140436-M), a company incorporated in Malaysia.
“POSH”	:	PACC Offshore Services Holdings Ltd (200603185Z), a company incorporated in the Republic of Singapore.
“POSH Group”	:	POSH, its subsidiaries and associate companies, collectively.
“PPB”	:	PPB Group Berhad (8167-W), a company incorporated in Malaysia.
“PSM”	:	Pacific Ship-Managers Sdn Bhd (126180-P), a company incorporated in Malaysia.
“PPSB”	:	PSM Perkapalan Sdn Bhd (500440-X), a company incorporated in Malaysia.
“Proposed Shareholders’ Mandate”	:	Proposed renewal of shareholders’ mandate for the Recurrent Transactions, the details of which are set out in Section 2.0 of Part A of this Circular.
“Proposed Purchase of Own Shares”	:	The proposal to enable MBC to purchase and/or hold in aggregate such number of its ordinary shares of nominal value of RM0.25 each representing not more than ten percent (10%) of the issued and paid-up capital of the Company, the details of which are set out in Section 2.0 of Part B of this Circular.
“Recurrent Transactions”	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business, the details of which are set out in Section 2.3 of Part A of this Circular; entered into by all or any of MBC Group with the related parties, which are the subject of the Proposed Shareholders’ Mandate.
“Related Party(ies)”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder
“shares”	:	Ordinary shares of nominal value of RM0.25 each in MBC.
“WIL”	:	Wilmar International Limited (199904785Z), a company incorporated in the Republic of Singapore.
“Wilmar Group”	:	WIL, its subsidiaries and associate companies, collectively.

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**MALAYSIAN BULK CARRIERS BERHAD**

(Company No: 175953-W)  
(Incorporated in Malaysia)

**Registered Office:**

Level 17 & 18, PJ Tower  
No. 18, Jalan Persiaran Barat  
Off Jalan Timur  
46050 Petaling Jaya  
Selangor Darul Ehsan

30 April 2015

**Board of Directors:-**

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (*Independent Non-Executive Chairman*)

Kuok Khoo Kuan (*Chief Executive Officer*)

Teo Joo Kim (*Executive Director*)

Wu Long Peng (*Executive Director*)

Govind Ramanathan (*Executive Director*)

Dato' Lim Chee Wah (*Non-Independent Non-Executive Director*)

Afidah Binti Mohd Ghazali (*Non-Independent Non-Executive Director*)

Lim Soon Huat (*Non-Independent Non-Executive Director*)

Mohammad bin Abdullah (*Independent Non-Executive Director*)

Tay Beng Chai (*Independent Non-Executive Director*)

Dato' Mohd Zafer bin Mohd Hashim (*Independent Non-Executive Director*)

**To : The Shareholders of Malaysian Bulk Carriers Berhad**

Dear Sir/Madam

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

**1.0 INTRODUCTION**

At the 25<sup>th</sup> AGM of the Company held on 23 May 2014, the Board obtained a mandate from the shareholders for MBC Group to enter into recurrent related party transactions, which are necessary for the day-to-day operations of MBC Group. The existing shareholders' mandate is subject to annual renewal and unless approval for its renewal is obtained from the shareholders at the forthcoming AGM, it shall lapse at the conclusion of the said AGM, which is scheduled to be held on Wednesday, 27 May 2015.

On 22 April 2015, the Company announced that it wishes to seek a renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate").

The purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM to be held on Wednesday, 27 May 2015 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur.

## 2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to 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;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1);
- (c) the interested directors, interested major shareholders or interested persons 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 transactions. An interested director or interested major shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (d) the Company immediately announces to Bursa Malaysia when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the Circular by 10% or more including any information as may be prescribed by Bursa Malaysia in its announcement.

The shareholders' mandate, if approved by the shareholders at the forthcoming AGM, will be subject to annual renewal. It shall take effect from the date of the passing of the ordinary resolution pertaining to the same, to be tabled at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the Company's forthcoming AGM, at which time it will lapse, unless further renewed by a resolution passed at that meeting; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

## 2.2 Classes of Related Parties

MBC is primarily an investment holding company. The principal activities of MBC Group are ownership and operation of vessels, ship management and investment holding.

The classes of related parties to which the Proposed Shareholders' Mandate will apply are as follows:

<b>Related Parties</b>	<b>Relationship with MBC Group</b>
Agrifert	Agrifert is 100% owned by KSL.
ATSB	ATSB is a wholly-owned subsidiary of PPB, which is deemed interested in MBC through its direct interest in MBC of 14%.
KSL	KSL is deemed interested in MBC through its 100% direct interest in PCL.
PCL	PCL is a major shareholder of MBC with direct interest of 34.46%.
PCS	PCS is a wholly-owned subsidiary of PPB, which is deemed interested in MBC through its direct interest in MBC of 14%.
POSH	POSH is a subsidiary of KSL. KSL is deemed interested in MBC through PCL's direct interest in MBC of 34.46%.
WIL	PPB holds 18.34% in WIL. PPB is deemed interested in MBC through its direct interest in MBC of 14%.



### 2.3 Proposed Renewal of Recurrent Transactions

The nature and aggregate value of the Recurrent Transactions which will be covered by the Proposed Shareholders' Mandate shall be as follows:

	Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 30/4/2014 RM'000	Actual Value transacted since last AGM to 31/3/2015 (being the last practicable date) (1) RM'000	Estimate value of transaction (2) from AGM to next AGM (3) RM'000	Transacting Parties		Interested Parties
					MBC Group/ Company	Related Party	
1	Provision of strategic and commercial deployment services (strategies on fleet investment, divestments and newbuildings including vessel types) in respect of MBC Group's vessels by PCL Group to MBC Group.	7,000	1,468	5,000	MBC Group(4)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanaathan
2	Provision of commercial and post-fixture services (services rendered pertaining to vessel employment, cargoes and port operations) by MBC Group to PCL Group.	7,000	2,616	7,000	PSM(5)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanaathan
3	Various Commercial Agreements whereby PCL Group provide commercial and post-fixture services (services rendered pertaining to vessel employment, cargoes and port operations) to MBC Group.	15,000	5,361	15,000	MBC Group(4)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanaathan
4	Brokerage commission (6) payable to PCL Group on acquisition or disposal of vessels.	3,000	473	3,000	MBC Group(4)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanaathan

	Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 30/4/2014 RM'000	Actual Value transacted since last AGM to 31/3/2015 (being the last practicable date) RM'000	Estimate value of transaction (2) from AGM to next AGM (3) RM'000	Transacting Parties		Interested Parties
					MBC Group/ Company	Related Party	
5	Various Ship Management Agreements whereby certain PCL Group companies provide management services relating to vessels including inspection of vessels, periodic drydocking supervision, routine and casualty repairs, engagement and provision of crew.	3,000	2,155	3,000	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
6	Various Procurement Agreements whereby certain PCL Group companies render services for the procurement of spare parts, replacement equipment, consumables and such other vessel supplies required by the vessels.	1,000	406	1,000	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
7	Various Crew Supply Agency Agreements whereby certain PCL Group companies act as Crewing Agents for MBC Group vessels to recruit and provide crew for employment on the vessels and ancillary services.	600	297	600	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan

	Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 30/4/2014 RM'000	Actual Value transacted since last AGM to 31/3/2015 (being the last practicable date) (1) RM'000	Estimate value of transaction (2) from AGM to next AGM (3) RM'000	Transacting Parties		Interested Parties
					MBC Group/ Company	Related Party	
8	Various Crewing Agreements whereby PPSB provides manning services including acting as Crew Manager, dealing with engagement and provision of crew for the vessels, attending to all matters pertaining to discipline, labour relations, welfare and amenities of such crew and ensuring that such crew are suitably qualified, to certain PCL Group companies.	4,300	2,707	4,300	PPSB(7)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
9	Cost Sharing Agreement dated 1 October 2003 (as amended/supplemented from time to time) whereby PCL Group and MBC Group agreed to share certain shared services(8) with the total costs incurred to be apportioned in accordance with the amount of services rendered or received by the respective group. Total costs comprises:  (i) costs incurred for services rendered by PCL Group to MBC Group and (ii) costs incurred for services rendered by MBC Group to PCL Group.	11,000  (4,000)	5,187  (2,509)	7,000  (4,000)		PCL Group  MBC Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan

	Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 30/4/2014 RM'000	Actual Value transacted since last AGM to 31/3/2015 (being the last practicable date) (1) RM'000	Estimate value of transaction (2) from AGM to next AGM (3) RM'000	Transacting Parties		Interested Parties
					MBC Group/ Company	Related Party	
10	Various Charterparty Contracts whereby certain PCL Group companies charter vessels from MBC Group.	200,000	44,722	200,000	MBC Group(4)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
11	Various Charterparty Contracts whereby certain MBC Group companies charter vessels from PCL Group.	50,000	0	50,000	MBC Group(4)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
12	Various Charterparty Contracts whereby certain Wilmar Group companies charter MBC Group's vessels.	50,000	0	50,000	MBC Group(4)	Wilmar Group	PPB, KBSB, Lim Soon Huat
13	Various agreements whereby MBC Group provides commercial and post-fixture services (services rendered pertaining to vessel employment, cargoes and port operations) and administrative, accounting and corporate services to ATSB.	1,000	178	20	MBC Group	ATSB	PPB, KBSB, Lim Soon Huat
14	Provision of Share Registrar services by PCS to MBC.	200	11	200	MBC	PCS	PPB, KBSB, Lim Soon Huat

Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 30/4/2014 RM'000	Actual Value transacted since last AGM to 31/3/2015 (being the last practicable date) (1) RM'000	Estimate value of transaction (2) from AGM to next AGM (3) RM'000	Transacting Parties		Interested Parties
				MBC Group/ Company	Related Party	
15 Lease Agreements dated 13 March 2002 and 1 July 2008 whereby MBC leases 7,095 sq. ft of its property at Level 17, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan to Agrifert. (9)	500	297	500	MBC	Agrifert	KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng,
16 Port Agency services provided by certain KSL Group companies to MBC Group vessels.	800	15	800	MBC Group(4)	KSL Group	KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng,
17 Share of UK office expenses. (10)	600	350	600	MBC Group	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
18 Provision of corporate secretarial services by MBC Group to certain companies in KSL Group.	200	23	200	MBC Group	KSL Group	KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng,

Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 30/4/2014 RM'000	Actual Value transacted since last AGM to 31/3/2015 (being the last practicable date) (1) RM'000	Estimate value of transaction (2) from AGM to next AGM (3) RM'000	Transacting Parties		Interested Parties
				MBC Group/ Company	Related Party	
19 Various Supervision/ Consultancy Agreements whereby certain PCL Group companies provide supervision or consultancy services in connection with or howsoever relating to the construction and taking delivery of newbuildings pursuant to shipbuilding contracts entered between MBC Group of companies and shipbuilders.	3,800	200	3,800	MBC Group(4)	PCL Group	PCL, KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
20 Ship Management Agreement whereby PPSB provides technical and crewing services to certain companies of POSH Group.	1,500	1,087	1,500	PPSB(7)	POSH Group	KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng
21 Ship Management Agreement whereby certain POSH Group companies provide technical and crewing services to PPSB.	1,400	884	1,400	PPSB(7)	POSH Group	KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng
22 Drydocking, ship repair and maintenance services provided by certain KSL Group companies to MBC Group vessels.	11,600	493	21,000	MBC Group(4)	KSL Group	KSL, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng
TOTAL	369,500	66,421	371,920			

Notes:-

- (1) *The actual values of recurrent related party transactions did not exceed the estimated values approved under the previous shareholders' mandate at the last AGM.*
- (2) *The estimated value was arrived at based on, amongst others, the actual transaction value during the previous financial year, information available at the point of estimation and the current state of the market and freight rates. The estimated value is further based on the assumptions that current level of operations will continue and all external conditions will remain constant. Due to the nature of such transactions, the actual value of the transactions may vary from the estimated value disclosed above.*
- (3) *The next AGM will be held tentatively in April/May 2016.*
- (4) *Refers to MBC and/or its subsidiaries which currently own vessel(s) or may own vessel(s) in the future.*
- (5) *PSM is a wholly-owned subsidiary of MBC.*
- (6) *Brokerage commission is payable at the time of the transaction. The brokerage commission payable is at 1% of the consideration value, which is based on normal commercial terms and in line with applicable industry norms.*
- (7) *PPSB is a wholly-owned subsidiary of MBC.*
- (8) *Both the MBC Group and PCL Group share services in areas such as accounting, information technology, internal audit, corporate secretarial, legal, treasury work and human resource. The Cost Sharing Agreement deals with the apportionment of all costs associated with the provision of such shared services between MBC Group and PCL Group.*
- (9) *The tenure of the office premises is for a term of 2 years on renewable basis with monthly rental payments.*
- (10) *Refers to MBC Group's shared cost to maintain a UK office.*

## 2.4 Amount Due and Owing Under Recurrent Transactions

As at 31 December 2014, the amount due and owing to the MBC Group by its related party under the recurrent transactions which exceeded the credit terms are as follows:

Related Party	Trade Receivables from Related Party due for	
	1 year or less (RM)	More than 1 to 3 years (RM)
PCL Group	18,399,302	33,424

There were no interest and late payment charges imposed by MBC Group on the overdue trade receivables as it was trade in nature. The Management is constantly following up with the debtors on the outstanding amount. The Board of Directors is of the opinion that there will be no recoverability issue as the related party is the Group's long trading partner with good credit standing.

## 2.5 The Procedures for Review of Recurrent Transactions

MBC Group has established various procedures to ensure that the Recurrent Transactions contemplated under the Mandate are undertaken on transaction prices and are conducted on an arm's length basis and on normal commercial terms, which are consistent with MBC Group's normal business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

In this respect, MBC Group has implemented the following review and disclosure procedures with regards to Recurrent Transactions:

- (a) The employees of MBC Group will be notified of the identities of the related parties and will be required prior to entering into such transactions, to ensure that all the Recurrent Transactions are consistent with MBC Group's normal business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.
- (b) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, specifications and other relevant factors. Where practical and feasible, quotations and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for the same or substantially similar products or services and/or quantities to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated third parties, the transaction price will be based on prevailing market rates agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms to ensure that the transaction is not detrimental to the Group.
- (c) There are no specific thresholds for the approval of Recurrent Transactions within the Group. All transactions will be reviewed monthly by the Company's Finance Department together with the Corporate Secretarial Department to identify the Recurrent Transactions and ensure that they are within the shareholders' mandate obtained.
- (d) The annual internal audit plan will incorporate a review of the Recurrent Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that the internal control and procedures in respect of the Recurrent Transactions are adhered to.



- (e) The Audit Committee will review the internal audit report quarterly to ascertain that relevant procedures, guidelines and policies established to monitor the Recurrent Transactions have been complied with.
- (f) The Board and the Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable. The Board and the Audit Committee may also appoint individuals or committees within the Company to examine the Recurrent Transactions as they deem appropriate. If a member of the Board or the Audit Committee has an interest in a transaction, he will abstain from any deliberation and decision-making by the Board or the Audit Committee in respect of the said transaction.
- (g) Records will be maintained by the Company's Finance Department to capture all Recurrent Transactions which are entered into pursuant to the Proposed Shareholders' Mandate.
- (h) Disclosure will be made in the annual report of the Company in respect of the breakdown of the aggregate value of the Recurrent Transactions made during the financial year during which a shareholders' mandate is in force, based on the type of the transactions made, the names of the related parties involved in each type of Recurrent Transactions made and their relationship with MBC Group.

### **3.0 RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE**

The Recurrent Transactions envisaged in the Proposed Shareholders' Mandate are in the ordinary course of business of MBC Group. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by their time-sensitive and confidential nature, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into them.

By obtaining the shareholders' mandate and renewing the same on an annual basis, it will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential Recurrent Transactions arise, thereby substantially reducing administrative time, inconvenience and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting business opportunities available to MBC Group.

MBC Group should be able to have access to all available markets, products and services with unrelated and related parties. MBC Group benefits from the Recurrent Transactions through the synergies that are derived from the related parties' global network and expertise. Transacting with the related parties enhances the ability of MBC Group to explore beneficial business opportunities. As such, the Proposed Shareholders' Mandate is of paramount importance for the continued success and viability of MBC Group.

### **4.0 AUDIT COMMITTEE STATEMENT**

The Audit Committee has seen and reviewed the procedures set out in Section 2.5 above and is of the view that the said procedures are sufficient to ensure that the Recurrent Transactions are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of MBC.

The Audit Committee is of the view that the Group has put in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner, to ensure that the Recurrent Transactions are, at all times, carried out on terms consistent within the Group's practices and are not to the detriment of the minority shareholders. These procedures and processes are reviewed by the Audit Committee on quarterly basis and whenever the need arises.

## 5.0 APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of MBC at the forthcoming AGM.

## 6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The interests of major shareholders and Directors of MBC or their connected persons in MBC, and the transacting companies in which they are deemed to be related parties as at 31 March 2015 are summarised as follows:

- (a) Teo Joo Kim is a director of KSL;
- (b) Kuok Khoon Kuan is a director of PCL and KSL;
- (c) Wu Long Peng is a director of PCL and KSL;
- (d) Govind Ramanathan is a director of PCL; and
- (e) Lim Soon Huat is a director of PPB and KBSB.

Mr Teo Joo Kim, Mr Kuok Khoon Kuan and Mr Wu Long Peng each own 3.94%, 3.47% and 0.47% respectively in KSL. In addition, the 3 same Directors individually own less than 1% respectively in PPB and KBSB. Mr Lim Soon Huat own less than 1% in KBSB.

The above named five (5) Directors shall hereinafter collectively be referred to as "**Interested Directors**". Save as disclosed above, none of the other Directors and major shareholders and persons connected to them are deemed to have any interest, whether direct or indirect in the Proposed Shareholders' Mandate. The Interested Directors have abstained and will continue to abstain from all deliberations and voting at board meetings in respect of the Proposed Shareholders' Mandate.

The Directors who are considered not interested in the Proposed Shareholders' Mandate are Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, Dato' Lim Chee Wah, Mohammad bin Abdullah, Mr Tay Beng Chai, Afidah Binti Mohd Ghazali and Dato' Mohd Zafer bin Mohd Hashim ("Non-Interested Directors").

The direct and indirect interest in MBC of the Interested Directors and major shareholders of MBC who are interested or deemed interested in the Recurrent Transactions as at 31 March 2015, are as follows:

Interested Directors/ Major Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
PCL	344,615,000	34.46	-	-
KSL <sup>(1)</sup>	-	-	344,615,000	34.46
PPB	140,000,000	14.00	20,000 <sup>(3)</sup>	-
KBSB <sup>(2)</sup>	-	-	140,020,000	14.00
Teo Joo Kim	892,400	0.09	-	-
Kuok Khoon Kuan	1,268,750	0.13	-	-
Wu Long Peng	1,625,000	0.16	-	-
Govind Ramanathan	347,700	0.03	-	-
Lim Soon Huat	-	-	-	-

Notes:

1. Deemed interest through its 100% direct interest in PCL.
2. Deemed interest through its 50.18% direct interest in PPB.
3. Deemed interest through its 100% indirect interest in Cathay Screen Cinemas Sdn Bhd.

Pursuant to the Listing Requirements, the major shareholders of the Company (including those with deemed interest) namely, PCL, KSL, PPB and KBSB which are interested in the Recurrent Transactions will abstain from voting in respect of their direct and indirect shareholdings on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

The Interested Directors will abstain from voting in respect of his/their direct and/or indirect shareholdings on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

The interested major shareholders and the Interested Directors, have undertaken that they will ensure the persons connected with them, if any, will also abstain from voting in respect of their direct and indirect shareholdings, deliberating or approving the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

## **7.0 DIRECTORS' RECOMMENDATION**

After careful deliberation, the Non-Interested Directors are of the opinion that the Proposed Shareholders' Mandate is in the best interest of MBC Group and is not detrimental to the minority shareholders.

Accordingly, the Non-Interested Directors recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **8.0 ANNUAL GENERAL MEETING**

The notice dated 30 April 2015 convening the 26<sup>th</sup> AGM of the Company to inter alia, consider and if thought fit, to pass the ordinary resolution pursuant to the Proposed Shareholders' Mandate is set out in the 2014 Annual Report of the Company. The 26<sup>th</sup> AGM will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 27 May 2015 at 10:00 a.m.

## **9.0 FURTHER INFORMATION**

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

Yours faithfully  
For and on behalf of the Board of Directors of  
**MALAYSIAN BULK CARRIERS BERHAD**

**MOHAMMAD BIN ABDULLAH**  
Independent Non-Executive Director

**MALAYSIAN BULK CARRIERS BERHAD**

(Company No: 175953-W)  
(Incorporated in Malaysia)

**Registered Office:**

Level 17 & 18, PJ Tower  
No. 18, Jalan Persiaran Barat  
Off Jalan Timur  
46050 Petaling Jaya  
Selangor Darul Ehsan

30 April 2015

**Board of Directors:-**

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (*Independent Non-Executive Chairman*)

Kuok Khoon Kuan (*Chief Executive Officer*)

Teo Joo Kim (*Executive Director*)

Wu Long Peng (*Executive Director*)

Govind Ramanathan (*Executive Director*)

Dato' Lim Chee Wah (*Non-Independent Non-Executive Director*)

Afidah Binti Mohd Ghazali (*Non-Independent Non-Executive Director*)

Lim Soon Huat (*Non-Independent Non-Executive Director*)

Mohammad bin Abdullah (*Independent Non-Executive Director*)

Tay Beng Chai (*Independent Non-Executive Director*)

Dato' Mohd Zafer bin Mohd Hashim (*Independent Non-Executive Director*)

**To : The Shareholders of Malaysian Bulk Carriers Berhad**

Dear Sir/Madam

**PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE OF OWN SHARES**

**1.0 INTRODUCTION**

At the 25<sup>th</sup> AGM of the Company held on 23 May 2014, the Board had obtained a mandate from the Company's shareholders to undertake the purchase of up to ten percent (10%) of the issued and paid-up share capital of the Company ("**Proposed Purchase of Own Shares**"), through Bursa Malaysia. This authority will, in accordance with Chapter 12 of the Listing Requirements of Bursa Malaysia, lapse at the conclusion of the forthcoming AGM unless it is renewed.

On 22 April 2015, the Company announced that it proposes to seek a renewal of the approval from its shareholders for the Proposed Purchase of Own Shares by the Company at the forthcoming AGM to be held on Wednesday, 27 May 2015.

The purpose of this Circular is to provide you with the details of the Proposed Purchase of Own Shares and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Authorisation for Purchase of Own Shares to be tabled at the forthcoming AGM to be held on Wednesday, 27 May 2015 at 10:00 a.m. at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur.

## 2.0 DETAILS OF THE PROPOSED PURCHASE OF OWN SHARES

- 2.1 The Board proposes to seek approval from the shareholders of MBC for a renewal of the authorisation to purchase and/or hold in aggregate such number of its ordinary shares of nominal value of RM0.25 each representing not more than ten percent (10%) of the issued and paid-up capital of the Company as at the time of the share buy-back. The authorisation from the shareholders will be effective immediately upon the passing of the ordinary resolution in respect of the Proposed Renewal of Authorisation for Purchase of Own Shares at the forthcoming AGM, and it will continue to be in force until:
- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is the earlier.
- 2.2 The Board proposes to allocate an amount of funds not exceeding the retained profits and/or share premium reserve of the Company for the Proposed Purchase of Own Shares in accordance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities (“**Relevant Laws**”) at the time of any purchase of its own shares. As at 31 December 2014, the audited retained profits and the share premium reserve of the Company were RM725,995,171 and RM48,791,326 respectively.
- 2.3 Section 67A of the Act allows for the purchased shares to be either cancelled, held as treasury shares or a combination of both. If the purchased shares are cancelled, the Company’s issued and paid-up capital will be diminished by the shares so cancelled and the amount by which the Company’s issued and paid-up capital is diminished will be transferred to a capital redemption reserve. It is pertinent to note that the cancellation of shares made pursuant to Section 67A of the Act will not be deemed to be a reduction in share capital as the capital redemption reserve will be treated as if it is part of shareholders’ funds. The Board may cancel the purchased shares, retain them as treasury shares, distribute the treasury shares as dividends or re-sell the treasury shares on Bursa Malaysia, or a combination of the above. Distribution of treasury shares as dividends will be applied as reduction of the retained profits or the share premium reserve of the Company.
- 2.4 When the purchased shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution or otherwise will be suspended and the treasury shares will not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.
- 2.5 The Company may only purchase its own shares at a price which is not more than fifteen percent (15%) above the weighted average market price of the shares for the five (5) market days immediately preceding the date of the purchase. The Company may only resell the purchased shares at:
- (a) a price which is not less than the weighted average market price of the shares for the five (5) market days immediately preceding the date of resale; or

- (b) a discounted price of not more than five percent (5%) to the weighted average market price of the shares for the five (5) market days immediately preceding the date of resale, provided that the resale takes place no earlier than thirty (30) days from the date of purchase, and the resale price is not less than the cost of purchase of the shares being resold.

2.6 The Proposed Purchase of Own Shares will allow the Board to exercise the power of the Company to purchase and/or hold its own shares at any time during the period when the authorisation is effective and continues to be in force, using internally generated funds of the Company. The precise amount of internally generated funds to be utilised will only be determined later depending on availability, the actual number of shares to be purchased and other relevant cost factors such as share price. The actual number of shares to be purchased will depend on market conditions and sentiments, as well as the retained profits, share premium reserve and financial resources of the Company.

2.7 The Proposed Purchase of Own Shares will be made in accordance with the Relevant Laws, including compliance with the twenty-five percent (25%) public shareholding spread as required pursuant to the Listing Requirements. As at 31 March 2015, the public shareholding spread of the Company was 32.67% comprising 16,122 shareholders.

### **3.0 RATIONALE FOR THE PROPOSED PURCHASE OF OWN SHARES**

If exercised, the Proposed Purchase of Own Shares may potentially benefit the Company and its shareholders as follows:

- (a) it will enable the Company to utilise its surplus financial resources to purchase its own shares as an additional option to utilise its financial resources more efficiently;
- (b) it is expected to stabilise the supply and demand of MBC shares, as well as its share price;
- (c) if the purchased shares are subsequently cancelled or if during the period such shares are held as treasury shares, it may enhance the earnings per share (“EPS”) of the MBC Group, which in turn is expected to have a positive impact on the market price of MBC shares; and
- (d) if the purchased shares are kept as treasury shares, the Company may have the opportunity to realise capital gains if they are resold on Bursa Malaysia at price(s) higher than their purchase price(s). Alternatively, the purchased shares can be distributed as share dividends to reward the shareholders of the Company.

### **4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED PURCHASE OF OWN SHARES**

The Proposed Purchase of Own Shares will reduce the:

- (a) financial resources of MBC Group. This may result in the Group foregoing other investment opportunities that may emerge in the future or deprive the Company of interest income that could be earned from short-term deposits with licensed financial institutions had the funds not been utilised for the Proposed Purchase of Own Shares; and
- (b) amount of reserves available for distribution in the form of cash dividends and/or bonus issue(s) to the shareholders of the Company, in the event that the purchased shares are cancelled, or if the purchased shares are held as treasury shares and are subsequently resold on Bursa Malaysia at a loss.

Notwithstanding the above, the Board is of the view that the Company has sufficient surplus funds to undertake the Proposed Purchase of Own Shares without adversely affecting its ability to take on investment opportunities that may arise in the future or to make cash dividend payments to the shareholders of the Company.

Furthermore, if the purchased shares are kept as treasury shares, the Company may have the opportunity to realise capital gains if they are resold on Bursa Malaysia at prices higher than their purchase prices. Alternatively, the purchased shares can also be distributed as share dividends to shareholders of the Company.

Nevertheless, the Board will be mindful of the interest of the Company and its shareholders in implementing the Proposed Purchase of Own Shares.

## **5.0 FINANCIAL EFFECTS OF THE PROPOSED PURCHASE OF OWN SHARES**

### **5.1 Share Capital**

The effect of the Proposed Purchase of Own Shares on the issued and paid-up share capital of the Company will depend on whether the purchased shares are cancelled or retained as treasury shares.

For purposes of illustration, assuming that the paid-up and issued share capital of the Company remains to be RM250,000,000 comprising 1,000,000,000 ordinary shares of RM0.25 each as at the time of share buy-back and that the Company purchases all the shares authorised to be purchased under the Proposed Purchase of Own Shares, representing 100,000,000 ordinary shares of RM0.25 each and that the shares so purchased are cancelled, the issued and paid-up capital of the Company will be reduced from RM250,000,000 comprising 1,000,000,000 ordinary shares of RM0.25 each to RM225,000,000 comprising 900,000,000 ordinary shares of RM0.25 each.

There will be no effect on the issued and paid-up capital of the Company if the purchased shares are retained as treasury shares. However, the rights attached to them as to voting, dividends and participation in other distribution or otherwise will be suspended and the treasury shares will not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at a meeting.

### **5.2 Net Assets ("NA")**

When the Company implements the Proposed Purchase of Own Shares, regardless of whether the purchased shares are retained as treasury shares or are subsequently cancelled, the NA per share of MBC Group will decrease if the cost per share purchased exceeds the NA per share of MBC Group at the time of purchase and conversely if the cost per share purchased is below the NA per share of MBC Group at the time of purchase, the NA per share of MBC Group will increase.

In the case where the purchased shares are treated as treasury shares and are subsequently resold on Bursa Malaysia, the NA per share of MBC Group upon resale will increase if the Company realises a gain from the resale. Alternatively, the NA per share of MBC Group upon resale will decrease if the Company makes a loss from the resale. If the treasury shares are distributed as share dividends, the NA of MBC Group will decrease by the cost of the treasury shares.

### **5.3 Earnings and EPS**

The effect of the Proposed Purchase of Own Shares on the earnings of MBC Group is dependent on the total cash deployed comprising the purchase price(s) and the number of shares purchased, the effective funding cost or any loss in interest income and/or opportunity costs in relation to other investment opportunities to the Group.

The Proposed Purchase of Own Shares will have a positive effect on the EPS of MBC Group if the purchased shares are resold at a gain (provided that the gain is sufficient to offset the dilutive effect of the increased number of shares used in the denominator for computing the EPS) and conversely, reduce the EPS of MBC Group if the purchased shares are resold at a loss.

All things being equal, the Proposed Purchase of Own Shares will result in a lower number of shares being used for the computation of EPS if the shares purchased are subsequently cancelled and during the period such shares are held as treasury shares. Therefore, the Proposed Purchase of Own Shares will improve the EPS of the Company.

### **5.4 Working Capital and Cashflow**

The Proposed Purchase of Own Shares, if exercised, will reduce the working capital and cashflow of MBC Group to the extent of the funds utilised for the purchase of the shares and similarly, increase the working capital to the extent of the funds received from the resale of the purchased shares. The quantum of the reduction or increase is dependent on the number of shares purchased or resold and the actual purchase or reselling price of these shares.

### **5.5 Directors' and Major Shareholders' Shareholdings**

The effect of the Proposed Purchase of Own Shares on the shareholdings of the Directors and the major shareholders of MBC as at 31 March 2015, assuming that MBC purchases from parties, other than the Directors and the major shareholders, ten percent (10%) of the issued and paid-up capital of MBC as at that date, is as follows:



	Before Proposed Purchase of Own Shares				After Proposed Purchase of Own Shares			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>								
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	500,000	0.05	20,000 <sup>(1)</sup>	-	500,000	0.06	20,000 <sup>(1)</sup>	-
Kuok Khoo Kuan	1,268,750	0.13	-	-	1,268,750	0.14	-	-
Teo Joo Kim	892,400	0.09	-	-	892,400	0.10	-	-
Wu Long Peng	1,625,000	0.16	-	-	1,625,000	0.18	-	-
Dato' Lim Chee Wah	-	-	-	-	-	-	-	-
Mohammad bin Abdullah	155,000	0.02	-	-	155,000	0.02	-	-
Tay Beng Chai	275,000	0.03	2,500 <sup>(2)</sup>	-	275,000	0.03	2,500 <sup>(2)</sup>	-
Afidah Binti Mohd Ghazali	-	-	-	-	-	-	-	-
Govind Ramanathan	347,700	0.03	-	-	347,700	0.04	-	-
Lim Soon Huat	-	-	-	-	-	-	-	-
Dato' Mohd Zafer Bin Mohd Hasim	-	-	-	-	-	-	-	-
<b>Major Shareholders</b>								
PCL	344,615,000	34.46	-	-	344,615,000	38.29	-	-
Bank Pembangunan Malaysia Berhad (BP)	183,945,700	18.39	-	-	183,945,700	20.44	-	-
KSL <sup>(3)</sup>	-	-	344,615,000	34.46	-	-	344,615,000	38.29
Minister of Finance Incorporated <sup>(4)</sup>	-	-	183,945,700	18.39	-	-	183,945,700	20.44
PPB	140,000,000	14.00	20,000 <sup>(5)</sup>	-	140,000,000	15.56	20,000 <sup>(5)</sup>	-
KBSB <sup>(6)</sup>	-	-	140,020,000	14.00	-	-	140,020,000	15.56

*Notes:*

1. Deemed interest pursuant to Section 6A of the Companies Act 1965.
2. Deemed interest through family members.
3. Deemed interest through its 100% direct interest in PCL.
4. Deemed interest through its 99.99% direct interest in BP.
5. Deemed interest through its 100% indirect interest in Cathay Screen Cinemas Sdn Bhd.
6. Deemed interest through its 50.18% direct interest in PPB.

## 5.6 Public Shareholding Spread

As at 31 March 2015, the public shareholding spread of the Company was 32.67%. Assuming the Proposed Purchase of Own Shares is implemented in full whereby the Company purchases 100,000,000 shares representing ten percent (10%) of the issued and paid-up capital of MBC as at that date from the public shareholders, the public shareholding spread of the Company will reduce to 25.19%.

As at the date hereof, the Company has yet to determine the actual percentage of its own shares to be purchased pursuant to the Proposed Purchase of Own Shares. However, the Company is mindful of the above implication relating to the public shareholding spread and will use its best endeavours in purchasing its own shares to such an extent that it will not result in the Company being in breach of the minimum requirement for public shareholding spread of 25%.

## **6.0 IMPLICATIONS OF THE CODE**

Based on the Record of Depositors of the Company as at 31 March 2015 and save as disclosed below, none of the shareholdings of the other shareholders are expected to increase to beyond 33% as a result of the Company implementing the Proposed Purchase of Own Shares.

PCL, PPB, Teo Joo Kim, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan and Lim Soon Huat are deemed persons acting in concert under the Securities Commission Act, 1993. As at 31 March 2015, they together with parties acting in concert have combined direct and indirect shareholdings of approximately 48.88% of the issued and paid-up capital of the Company. In the event that the Proposed Purchase of Own Shares is carried out in full, the combined shareholdings of these persons in MBC will be increased to approximately 54.31% of the issued and paid-up capital of the Company.

Pursuant to Paragraph 10.1 of Practice Note 9 of the Code, a person who (together with persons acting in concert with him) has obtained control of a company or acquired voting shares of a company exceeding thirty-three percent (33%) but less than fifty percent (50%) at a time when he reasonably or ought reasonably to believe that the company would purchase its own voting shares and who as a result of purchase by the company, increases his holding in any period of six (6) months by an additional two percent (2%) or more, will be required to undertake a mandatory offer for all the remaining voting shares of the company not already owned by the said persons.

Pursuant to Paragraph 24.1 of Practice Note 9 of the Code, a person who (together with persons acting in concert with him) has obtained control of a company or acquired voting shares of a company exceeding thirty-three per cent (33%) but less than fifty percent (50%), as a result of a reduction in the voting shares of the company through a buy back scheme under the Act, has increased his holding in any period of six (6) months by an additional two percent (2%) or more, will be exempted if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation. However, the Securities Commission will not grant an exemption if such person has previously acquired voting shares in the knowledge that the company intended to seek permission from its holders of voting shares to purchase its own shares.

As at the date hereof, the Company has yet to determine the actual percentage of its own shares to be purchased pursuant to the Proposed Purchase of Own Shares. However, the Company is mindful of the above implication relating to the Code and will use its best endeavours in purchasing its own shares to such an extent that PCL and PPB will not trigger the obligation to undertake a mandatory offer. If required, the relevant party is expected to make an application to the Securities Commission for a waiver from implementing a mandatory offer under the Code.

Save as disclosed above, none of the other major shareholders are expected to trigger the obligation to undertake a mandatory offer under the Code as a result of the Proposed Purchase of Own Shares.

## **7.0 PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS**

There has not been any purchase, resale or cancellation of own shares by MBC in the previous twelve (12) months preceding the date of this circular. As at the date of this circular, the Company does not hold any treasury shares.

## 8.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the shares traded on Bursa Malaysia for the last twelve (12) months from April 2014 to March 2015 are as follows:

	High (RM)	Low (RM)
April 2014	2.17	1.86
May 2014	1.91	1.75
June 2014	1.87	1.73
July 2014	1.90	1.76
August 2014	1.83	1.71
September 2014	1.74	1.65
October 2014	1.66	1.33
November 2014	1.53	1.36
December 2014	1.30	1.05
January 2015	1.42	1.16
February 2015	1.41	1.27
March 2015	1.25	1.18

The last transacted price of the shares on 28 April 2015, being the last market day prior to the printing of this Circular, was RM1.20.

*(Source : Bloomberg)*

## 9.0 APPROVAL REQUIRED

The Proposed Renewal of Authorisation for Purchase of Own Shares is subject to the approval of shareholders of the Company at the forthcoming AGM.

## 10.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage of shareholdings including, amongst others, the voting rights of the shareholders in the Company as a consequence of the Proposed Purchase of Own Shares, none of the Directors and/or major shareholders of the Company or persons connected to them, has any interest, direct or indirect, in the Proposed Purchase of Own Shares or resale of treasury shares, if any.

## 11.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Purchase of Own Shares, is of the opinion that the Proposed Purchase of Own Shares is in the best interest of the Company. Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authorisation for Purchase of Own Shares to be tabled at the forthcoming AGM.

## **12.0 ANNUAL GENERAL MEETING**

The notice dated 30 April 2015 convening the 26<sup>th</sup> AGM of the Company to inter alia, consider and if thought fit, to pass the ordinary resolution to give effect to the Proposed Purchase of Own Shares is set out in the 2014 Annual Report of the Company. The 26<sup>th</sup> AGM will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 27 May 2015 at 10:00 a.m.

## **13.0 FURTHER INFORMATION**

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

Yours faithfully

For and on behalf of the Board of Directors of  
**MALAYSIAN BULK CARRIERS BERHAD**

KUOK KHOON KUAN  
Chief Executive Officer

**ADDITIONAL INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION**

Save as disclosed in the audited financial statements of MBC for the financial year ended 31 December 2014 (if any), MBC Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and to the best knowledge of the Directors as at the date of this Circular, they are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of MBC Group.

**3. MATERIAL CONTRACTS**

Save as disclosed below, there have been no material contracts (not being contracts entered into in the ordinary course of business) entered into by MBC Group within two (2) years immediately preceding the date of this Circular.

- (a) A Sale and Purchase Agreement dated 4 July 2013 between Awanapuri Sdn Bhd and Headwind Property Sdn Bhd in relation to disposal of a parcel of leasehold land measuring approximately 15,941 square metres known as H.S.(D) 144390, PT 136846, Mukim Klang, Daerah Klang, Negeri Selangor for a cash consideration of RM6,348,790.19.
- (b) The Company's wholly-owned subsidiary, Lightwell Shipping Inc. ("Lightwell") had on 25 April 2014 subscribed for 71,676,000 new ordinary shares at SGD1.15 per share in PACC Offshore Services Holdings Ltd ("POSH"), for a consideration of SGD82,427,400. Lightwell's shareholding in POSH remains unchanged at 21.23% after the subscription.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Registered Office of MBC at Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Monday to Friday (except for public holidays) from the date of this Circular up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of MBC; and
- (b) the audited financial statements of MBC Group for the past two (2) financial years ended 31 December 2013 and 2014.
- (c) the material contracts referred to in Section 3 above.

## RESOLUTIONS FOR THE PROPOSALS

1. **Ordinary Resolution 11**

Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into the recurrent related party transactions as set out in the Circular to Shareholders dated 30 April 2015, which are necessary for MBC Group's day-to-day operations in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

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

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the breakdown of the aggregate value of the recurrent related party transactions based on the type of recurrent transaction made and the names of the related parties involved in each type of the recurrent related party transaction made and their relationship with MBC Group, shall be disclosed in the Annual Report of the Company as may be required by the governing authority.

AND FURTHER THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) in the interest of the Company, as they may consider expedient or necessary to complete and give effect to the aforesaid mandate."

2. **Ordinary Resolution 12**

**To renew the authorisation for Purchase of Own Shares**

"THAT pursuant to Paragraph 12.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and subject to Section 67A of the Companies Act, 1965 ("Act"), the Company's Memorandum and Articles of Association and other applicable laws, rules and regulations and the approvals of all relevant regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such number of ordinary shares of RM0.25 each in the Company as may be determined by the Directors from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company as at the date of the share buy-back and that an amount of the funds not exceeding the retained profits and share premium reserve of the Company as at the date of the share buy-back, be utilised for the proposed purchase AND THAT the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Malaysia, or a combination of the above, at the absolute discretion of the Directors.

**AND THAT** such approval shall take effect upon the passing of this ordinary resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM is required by law to be held;
- (c) revoked or varied by ordinary resolution passed by the shareholders at a general meeting;

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Malaysia or any other relevant authorities.

**AND FURTHER THAT** the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) for and on behalf of the Company, as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation.”