

**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.

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**MALAYSIAN BULK CARRIERS BERHAD**

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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

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

**IN CONJUNCTION WITH**

**THE SPECIAL BUSINESS AT THE 28<sup>th</sup> ANNUAL GENERAL MEETING**

The above proposal will be tabled as Special Business at the 28<sup>th</sup> Annual General Meeting ("AGM") of the Company. The notice of 28<sup>th</sup> AGM together with the Form of Proxy are set out in the Company's 2016 Annual Report despatched together with this Circular.

Date and time of AGM	:	Monday, 15 May 2017 at 10:00 a.m.
Venue of AGM	:	Banquet Hall, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Berhad), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur
Last date and time for lodging the Proxy Form	:	Sunday, 14 May 2017 at 10:00 a.m.

This Circular is dated 21 April 2017

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## DEFINITIONS

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

“Act”	:	Companies Act 2016, as amended, supplemented or modified from time to time
“AGM”	:	Annual General Meeting
“Agrifert”	:	Agrifert Malaysia Sdn. Bhd. (53410-A), a company incorporated in Malaysia
“Agrifert Group”	:	Agrifert, its subsidiaries and associate companies, collectively.
“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)
“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 8 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 and additional shareholders’ mandate for the Recurrent Transactions, the details of which are set out in Section 2.0 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 2.0 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 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

21 April 2017

**Board of Directors:**

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

Kuok Khoo Kuan (*Chief Executive Officer*)

Wu Long Peng (*Executive Director*)

Govind Ramanathan (*Executive Director*)

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

Lim Soon Huat (*Non-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 AND ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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**1. INTRODUCTION**

At the 27<sup>th</sup> AGM of the Company held on 24 May 2016, 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 Monday, 15 May 2017.

On 6 April 2017, the Company announced that it wishes to seek a renewal of, as well as additional 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 Monday, 15 May 2017 at 10:00 a.m. at Banquet Hall, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Berhad), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur.

## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 Part E, Paragraph 10.09, Chapter 10 of the Listing Requirements**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer 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 RM1 million or any one of the percentage ratios of such transactions is equal to or exceeds 1%, whichever is the higher;
- (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 28th AGM shall take effect from the date of the passing of the ordinary resolution at the forthcoming 28th 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 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 general meeting;

whichever is the earlier.

## 2.2 Classes of Related Parties

MBC's principal activities are investment holding, ship owning and ship operating. 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% indirect subsidiary of 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. PPB is deemed interested in MBC through its direct interest in MBC of 14%.
PPB	PPB is a major shareholder of MBC with direct interest 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 18.55% 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 27/4/2016 RM'000	Actual Value transacted since last AGM to 31/3/2017 (being the last practicable date) <sup>(1)</sup> RM'000	Estimate value of transaction <sup>(2)</sup> from AGM to next AGM <sup>(3)</sup> RM'000	Transacting Parties		Interested Parties
					MBC Group/ Company	Related Party	
1	Provision of commercial and post-fixture services (services rendered pertaining to vessel employment, cargoes and port operations) by MBC Group to PCL Group.	5,000	2,699	5,000	PSM <sup>(5)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
2	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.	12,000	5,414	12,000	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
3	Brokerage commission <sup>(6)</sup> payable to PCL Group on acquisition or disposal of vessels.	4,600	1,256	5,100	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
4	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.	900	415	900	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
5	Various Charterparty Contracts whereby certain PCL Group companies charter vessels from MBC Group.	132,000	26,332	132,000	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan

Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 27/4/2016 RM'000	Actual Value transacted since last AGM to 31/3/2017 (being the last practicable date) <sup>(1)</sup> RM'000	Estimate value of transaction <sup>(2)</sup> from AGM to next AGM <sup>(3)</sup> RM'000	Transacting Parties		Interested Parties
				MBC Group/ Company	Related Party	
6 Various Charterparty Contracts whereby certain MBC Group companies charter vessels from PCL Group.	43,000	0	43,000	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
7 Provision of Share Registrar services by PCS to MBC.	200	11	200	MBC	PCS	PPB, KBSB, Lim Soon Huat
8 Lease of office space at Level 17 & 18, PJ Tower, No. 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan to Agrifert Group companies. <sup>(9)</sup>	600	437	600	MBC	Agrifert Group	KSL, Kuok Khoon Kuan, Wu Long Peng
9 Port Agency services provided by certain KSL Group companies to MBC Group vessels.	800	37	800	MBC Group <sup>(4)</sup>	KSL Group	KSL, Kuok Khoon Kuan, Wu Long Peng
10 Provision of corporate secretarial services by MBC Group to certain companies in KSL Group.	200	25	200	MBC Group	KSL Group	KSL, Kuok Khoon Kuan, Wu Long Peng
11 Drydocking, ship repair and maintenance services provided by certain KSL Group companies to MBC Group vessels.	10,000	0	13,000	MBC Group <sup>(4)</sup>	KSL Group	KSL, Kuok Khoon Kuan, Wu Long Peng

Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 27/4/2016 RM'000	Actual Value transacted since last AGM to 31/3/2017 (being the last practicable date) <sup>(1)</sup> RM'000	Estimate value of transaction <sup>(2)</sup> from AGM to next AGM <sup>(3)</sup> RM'000	Transacting Parties		Interested Parties
				MBC Group/ Company	Related Party	
12 Provision of fleet management services by PPSB to certain companies of POSH Group.	2,300	307	2,300	PPSB <sup>(7)</sup>	POSH Group	KSL, Kuok Khoon Kuan, Wu Long Peng
13 Provision of fleet management services by POSH Group to PPSB	1,800	231	1,800	PPSB <sup>(7)</sup>	POSH Group	KSL, Kuok Khoon Kuan, Wu Long Peng
TOTAL	213,400	37,164	216,900			

#### 2.4 Additional Recurrent Transaction

Nature of Transaction	Estimate value of transaction <sup>(2)</sup> from AGM to next AGM <sup>(3)</sup> RM'000	Transacting Parties		Interested Parties
		MBC Group/ Company	Related Party	
1 Provision of management services relating to vessels including technical management, procurement services, crew management services, insurance services, accounting and corporate services by certain KSL Group companies	5,100	MBC Group	KSL Group	KSL, PCL Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan

Nature of Transaction	Estimate value of transaction <sup>(2)</sup> from AGM to next AGM <sup>(3)</sup> RM'000	Transacting Parties		Interested Parties
		MBC Group/ Company	Related Party	
2	600	MBC	KSL Group	KSL, Kuok Khoon Kuan, Wu Long Peng
3	10,700  (4,000)	MBC Group	KSL Group	KSL, Kuok Khoon Kuan, Wu Long Peng
4	1,700	MBC Group	KSL Group	KSL, Kuok Khoon Kuan, Wu Long Peng,

## 2.5 Previous Mandate Obtained But No Longer Required In Current Year

Below is previous mandate obtained in the last AGM but no longer required in current year. The value of transaction with this related party is not expected to exceed the threshold as set out in Chapter 10 of the Listing Requirement.

	Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 27/4/2016 RM'000	Actual Value transacted since last AGM to 31/3/2017 (being the last practicable date) <sup>(1)</sup> RM'000	Transacting Parties		Interested Parties
				MBC Group/ Company	Related Party	
1	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	1,006	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
2	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.	1,500	659	MBC Group <sup>(4)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
3	Various Charterparty Contracts whereby certain Wilmar Group companies charter MBC Group's vessels.	42,000	0	MBC Group <sup>(4)</sup>	Wilmar Group	PPB, KBSB, Lim Soon Huat

Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 27/4/2016 RM'000	Actual Value transacted since last AGM to 31/3/2017 (being the last practicable date) <sup>(1)</sup> RM'000	Transacting Parties		Interested Parties
			MBC Group/ Company	Related Party	
4 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.	8,000	2,444	PPSB <sup>(7)</sup>	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan
5 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 <sup>(8)</sup> 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.	4,000  (4,000)	2,714  (2,467)	MBC Group	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan

Nature of Transaction	Estimated Value as disclosed in preceding year's circular dated 27/4/2016 RM'000	Actual Value transacted since last AGM to 31/3/2017 (being the last year's circular date) <sup>(1)</sup> RM'000	Transacting Parties		Interested Parties
			MBC Group/ Company	Related Party	
6 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.	20	0	MBC Group	ATSB	PPB, KBSB, Lim Soon Huat
7 Share of UK office expenses <sup>(10)</sup>	600	155	MBC Group	PCL Group	PCL, KSL, Kuok Khoon Kuan, Wu Long Peng, Govind Ramanathan

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 2018.
- (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 MBC Group and KSL Group share services in areas such as accounting, information technology, internal audit, corporate secretarial, legal, treasury work and human resource. The total cost is apportioned in accordance with the provision of such shared services between MBC Group and KSL 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.

## 2.6 Amount Due and Owing Under Recurrent Transactions

As at 31 December 2016, 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	3,198,195	0

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.

## 2.7 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. 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. AUDIT COMMITTEE STATEMENT**

The Audit Committee has seen and reviewed the procedures set out in Section 2.7 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. APPROVAL REQUIRED

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

## 6. 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 2017 are summarised as follows:

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

Mr Kuok Khoon Kuan and Mr Wu Long Peng each own 3.47% and 0.47% respectively in KSL. In addition, the 2 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 four (4) 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, 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 2017, 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
Kuok Khoon Kuan	1,268,750	0.13	-	-
Wu Long Peng	1,625,000	0.16	-	-
Govind Ramanathan	447,700	0.04	-	-
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. 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. ANNUAL GENERAL MEETING**

The notice dated 21 April 2017 convening the 28<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 2016 Annual Report of the Company. The 28<sup>th</sup> AGM will be held at Banquet Hall, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Berhad), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 15 May 2017 at 10:00 a.m.

## **9. 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**

**DATO' MOHD ZAFER BIN MOHD HASHIM**  
Independent Non-Executive Director

**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**

Neither MBC nor any of its subsidiaries, as at the date of this Circular, is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of MBC are not aware and do not have any knowledge 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**

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.

**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 2015 and 2016.

**RESOLUTION FOR THE PROPOSAL****1. Ordinary Resolution 9**

Renewal of and Additional 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 21 April 2017, 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 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in 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."