

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): RELATED PARTY TRANSACTIONS MALAYSIAN BULK CARRIERS BERHAD ("MBC" OR "THE COMPANY") - Proposed Subscription

MALAYSIAN BULK CARRIERS BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	MALAYSIAN BULK CARRIERS BERHAD ("MBC" OR "THE COMPANY") - Proposed Subscription

Please refer to the attached announcement for details.

Attachments

[Announcement- Proposed Subscription.pdf](#)

42 KB

Announcement Info

Company Name	MALAYSIAN BULK CARRIERS BERHAD
Stock Name	MAYBULK
Date Announced	1 Apr 2014
Category	General Announcement
Reference No	MB-140401-72494

**MALAYSIAN BULK CARRIERS BERHAD (“MBC” or “THE COMPANY”)
- PROPOSED SUBSCRIPTION**

1. Introduction

The Company wishes to announce that PACC Offshore Services Holdings Pte Ltd (“POSH”), MBC Group’s associate company has received a conditional eligibility-to-list for the listing of and quotation for its shares on the Singapore Stock Exchange. POSH will be issuing new shares pursuant to the initial public offering (“POSH IPO”).

Consequent to the POSH IPO and assuming a dilution of approximately 19% of POSH’s existing issued and paid-up share capital, MBC Group’s existing shareholding of 21.23% in POSH will be diluted to approximately 17% of the enlarged share capital of POSH. The Independent Directors having considered and deliberated on the matter propose that the MBC Group to maintain an equity stake of approximately 20% in POSH through the subscription of sufficient POSH shares to achieve that level of shareholding in POSH pursuant to the POSH IPO.

On the assumption that there will be a dilution of 19%, it is estimated that MBC Group will subscribe for such number of POSH shares at the IPO price, to achieve a post-listing equity holding of approximately 20%, for a total aggregate value not exceeding USD70,000,000.

The Proposed Subscription is deemed to be a related party transaction pursuant to Chapter 10 Paragraph 10.08 of the Main Market Listing Requirements of Bursa Securities as POSH is a subsidiary of Pacific Carriers Limited (PCL), PCL is a major shareholder of MBC, and certain directors of PCL are also directors of MBC.

2. Background information on POSH

POSH was incorporated in Singapore under the Companies Act Cap 50 as a private limited company on 7 March 2006.

The principal activity of POSH Group is to provide offshore marine services in the offshore oil and gas industry. POSH Group’s offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift and offshore accommodation services. POSH Group’s vessels also provide harbour towage and emergency response services.

POSH Group’s fleet operates worldwide serving offshore oilfields in Asia, Africa and Latin America. POSH Group has provided vessels and services for projects involving many of the world’s major oil companies, as well as many large international offshore contractors.

As at 10 March 2014, POSH has an issued and paid-up share capital of USD530,975,000 comprising 197,650,000 shares.

The directors of POSH are Mr Kuok Khoon Ean (*Non-Executive Chairman*), Mr Gerald Seow Kang Hoe (*Chief Executive Officer*), Mr Teo Joo Kim (*Non-Executive Director*), Mr Wu Long Peng (*Non-Executive Director*), Dato’ Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (*Independent Director*), Mr Ma Kah Woh (*Independent Director*), Mr Jude Philomen Benny (*Independent Director*) and Mr Wee Joo Yeow (*Independent Director*).

3. Effects of the Proposed Subscription

3.1 Share Capital, Substantial Shareholders' Shareholdings

The Proposed Subscription will not have any effect on the issued and paid-up capital, substantial shareholders' shareholdings of MBC.

3.2 Net assets (NA) and Gearing

Consequent to the POSH IPO and assuming a dilution of approximately 19%, MBC Group's existing shareholding of 21.23% in POSH will be diluted to approximately 17% of the enlarged share capital of POSH. The effect of the dilution can only be ascertained when the new POSH shares have been priced.

The Proposed Subscription to the POSH IPO is not expected to have any material effect on the NA and gearing of MBC Group.

For illustrative purposes only, based on the latest audited statement of financial position as at 31 December 2012 and on the assumption that the Proposed Subscription had been completed on 31 December 2012 and fully funded by borrowings, the proforma effects of the Proposed Subscription on the NA and gearing of MBC Group are as follows:-

	Audited FYE 31 December 2012	After the POSH IPO and the Proposed Subscription
	RM'000	RM'000
Share capital	250,000	250,000
Reserves	1,466,217	1,466,217
Equity attributable to equity holders of MBC	1,716,217	1,716,217
Total borrowings	106,593	338,293
Gearing (times)	0.06	0.20

3.3 Earnings and Earnings per share (EPS)

Apart from the effect of the reduced share of results from POSH due to the dilution in MBC Group's equity interest in POSH, the Proposed Subscription is not expected to have a material effect on the earnings and EPS of MBC Group for the financial year ending 2014.

Upon completion of the Proposed Subscription, the earnings contribution from POSH will be reduced to the extent of the dilution of MBC Group's equity interest in POSH, from 21.23% presently to 17% as a result of the POSH IPO, and to approximately 20.0% after the Proposed Subscription is completed. Accordingly, there will be a corresponding reduction in the EPS of MBC Group assuming the earnings of POSH Group remain unchanged.

For illustrative purposes only, based on the latest audited consolidated income statement for the financial year ended 31 December 2012 and on the assumption that the POSH IPO and the Proposed Subscription had been completed on 31 December 2012, the proforma effects of the Proposed Subscription on the earnings and EPS of MBC Group are as follows:

	Audited FYE 31 December 2012	After the POSH IPO	After the POSH IPO and the Proposed Subscription
Equity interest in POSH (%)	21.23	17	20.00
Share of results of POSH Group (RM'000)	35,257	28,896	33,214
Profit after tax attributable to equity holders of MBC (RM'000)	66,049	59,688	64,006
EPS (sen)	6.60	5.97	6.40

The Proposed Subscription is expected to contribute positively to the future earnings and EPS of MBC Group.

4. Liabilities to be assumed

MBC Group is not expected to assume any liabilities (including contingent liability and guarantee) pursuant to the Proposed Subscription.

5. Source of funding

The Proposed Subscription will be financed by borrowings.

6. Financial commitment

There is no additional financial commitment pursuant to the Proposed Subscription.

7. Estimated timeframe for completion

The Proposed Subscription is expected to be completed in April 2014, which is the expected time of listing of POSH shares on the Singapore Stock Exchange.

8. Approvals for the Proposed Subscription

The Proposed Subscription is conditional upon the following approvals:

- (a) The shareholders of MBC at an extraordinary general meeting to be convened for the Proposed Subscription; and
- (b) Any other relevant regulatory authority, where required.

9. Percentage Ratio

The highest percentage ratio applicable to the Proposed Subscription pursuant to Paragraph 10.02(g) of MMLR is 13.5%.

10. Total Amount Transacted with the Related Party Preceding 12 Months

There was no transaction with the related party in the preceding 12 months.

11. Directors and Major Shareholders' Interest

11.1 Major Shareholder

PCL is a major shareholder of MBC with direct interest of 34.46%. POSH is a subsidiary of PCL and the latter is thus deemed interested in the Proposed Subscription. Hence, PCL is required to abstain from voting in respect of its shareholdings in MBC, whether direct or indirect, on the Proposed Subscription at the forthcoming EGM of MBC. PCL has undertaken that it will ensure that persons connected to it (if any) will abstain from voting in respect of their direct and indirect shareholdings on the resolution for the Proposed Subscription.

11.2 Directors

The directors of MBC, namely Mr Teo Joo Kim, Mr Kuok Khoo Kuan and Mr Wu Long Peng (**collectively "Interested Directors"**) are deemed interested in the Proposed Subscription by virtue of:

- a) their directorships in PCL and in the case of Mr Teo and Mr Wu, their directorships in POSH as well; and
- b) their shareholdings of 0.41%, 0.27%, and 0.35% respectively in POSH. None of the Interested Directors own shares in PCL.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberations and voting at the relevant board meetings of MBC in respect of the Proposed Subscription. The Interested Directors will also abstain from voting in respect of their shareholdings in MBC, if any, whether direct or indirect, on the Proposed Subscription at the forthcoming EGM of MBC. Further, the Independent Directors have undertaken that they will ensure that persons connected to them (if any) will also abstain from voting in respect of their direct and indirect shareholdings on the resolution for the Proposed Subscription.

13. Statements By Audit Committee and Board of Directors

The Audit Committee and the Board of Directors having considered all aspects of the Proposed Subscription, is of the view that the Proposed Subscription is:

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

This announcement is dated 1 April 2014.