

THIS CIRCULAR TO SHAREHOLDERS OF MALAYSIAN BULK CARRIERS BERHAD ("MBC" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the next course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of Part C of this Circular prior to its issuance as it is prescribed as exempt document pursuant to Practice Note 18 of the Listing Requirements. Bursa Securities takes no responsibility for the contents of this Circular, including the valuation certificate and report, 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

Registration No. 198801008597 (175953-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

- (I) **PROPOSED ACQUISITION OF A PARCEL OF FREEHOLD LAND MEASURING APPROXIMATELY 23.48 HECTARES LOCATED IN MUKIM KAPAR, DAERAH KLANG, NEGERI SELANGOR ("LAND") BY MBC LOGISTIC HUB SDN BHD (FORMERLY KNOWN AS MBC RETAIL SDN BHD), A SUBSIDIARY OF MBC, FROM KAPAR LAND SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM165 MILLION ("PROPOSED ACQUISITION");**
 - (II) **PROPOSED JOINT VENTURE BETWEEN MBC AND GOLDEN VALLEY VENTURES SDN BHD TO JOINTLY ACQUIRE AND DEVELOP THE LAND ("PROPOSED JOINT VENTURE"); AND**
 - (III) **PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MBC AND ITS SUBSIDIARIES TO INCLUDE INDUSTRIAL PROPERTY DEVELOPMENT AND INVESTMENT ("PROPOSED DIVERSIFICATION")**
- (COLLECTIVELY, THE "PROPOSALS")**

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MBC
IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED JOINT VENTURE**

PART C

**PROPOSED CHANGE OF NAME OF THE COMPANY FROM MALAYSIAN BULK CARRIERS BERHAD
TO MAYBULK BERHAD**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

kenanga

Kenanga Investment Bank Berhad

Registration No: 197301002193 (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

BDO

BDO Capital Consultants Sdn Bhd

Registration No. 199601032957 (405309-T)
(Incorporated in Malaysia)

The Extraordinary General Meeting of the Company ("EGM") will be conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, on Wednesday, 6 December 2023 at 11:30 a.m., or at any adjournment thereof. The Notice of EGM together with the Proxy Form, Administrative Guide and this Circular can be downloaded from Bursa Securities' website at <https://www.bursamalaysia.com/> and the Company's website at <https://www.maybulk.com.my/>.

You are entitled to attend, participate and vote remotely at the EGM using the Remote Participation and Electronic Voting ("RPEV") facilities provided by Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. If you are unable to attend and vote remotely at the EGM, you are entitled to appoint proxy(ies) by completing and lodging the Proxy Form enclosed in this Circular in accordance with the instructions therein to 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the EGM, or any adjournment thereof. Alternatively, shareholder(s) may submit the electronic Proxy Form ("e-Proxy Form") using RPEV facilities at <https://meeting.boardroomlimited.my>, not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form / e-Proxy Form will not preclude you from attending, participating and voting remotely in person at the EGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the EGM.

Day, date and time of the EGM : Wednesday, 6 December 2023 at 11:30 a.m. or at any adjournment thereof
Last day, date and time to lodge the Proxy Form / e-Proxy Form : Monday, 4 December 2023 at 11:30 a.m.

This Circular is dated 9 November 2023

DEFINITIONS

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

Act	: Companies Act 2016
Alam Kekal	: A bulk carrier together with all equipment, machinery and tools attached to including spare parts, galley and accommodation fittings owned by Kekal Shipping Pte Ltd, an indirect wholly-owned subsidiary of MBC
Appropriate Authorities	: Means any governmental (federal or state), semi or quasi government department, statutory body, agency, authority, corporation or body having authority or jurisdiction, for the time being authorised or having liberty and authority under any written law in force in Malaysia including the Department of Environment to exercise its rights, jurisdiction and/or responsibility in connection with and/or affecting the Land, the title, the premises, the Vendor and/or the Purchaser as the case may be and all matters referred to under or arising out of the terms of the SPA and to enforce any other laws related thereto and the parties' obligation in the SPA and "Appropriate Authority" shall be construed accordingly
BDOCC or Independent Adviser	: BDO Capital Consultants Sdn Bhd, being the independent adviser appointed to advise the non-interested Directors and non-interested Shareholders in relation to the Proposed Acquisition and Proposed Joint Venture
Board	: Board of Directors of the Company
Bursa Securities	: Bursa Malaysia Securities Berhad
Circular	: This circular to the Shareholders in relation to the Proposals
Covid-19	: Coronavirus disease 2019
Dato' Goh	: Dato' Goh Cheng Huat, Group Managing Director of MBC
Development Project	: The development of an industrial property on the Land, details of which are set out in Section 3.1, Part A of this Circular
Directors	: The directors of the Company, and 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 the preceding 6 months of the date of on which the terms of the transaction was agreed upon, a director or chief executive of the Company, its subsidiary or holding company
EGM	: Extraordinary general meeting of the Company
EMTS	: EMT Systems Sdn Bhd
EPS	: Earnings per Share
FPE	: Financial period ended
FYE	: Financial year ended 31 December
GDC	: Gross development cost
Government	: Government of Malaysia
GVVSB	: Golden Valley Ventures Sdn Bhd
Henry Butcher or Independent Valuer	: Henry Butcher Malaysia (Sel) Sdn Bhd, being the independent valuer appointed for the Proposed Acquisition

DEFINITIONS (CONT'D)

IAL	: Independent advice letter from the Independent Adviser in relation to the Proposed Acquisition and Proposed Joint Venture, as set out in Part B of this Circular
IMR Report	: Independent Market Research Report dated 3 November 2023 on the outlook of the industrial property market in Malaysia and Selangor, which was prepared by SMITH ZANDER
Industrial Property Business	: The business of industrial property development and investment
Interested Directors	: Dato' Goh and Lin JunLiang, Troy
Interested Major Shareholder	: Dato' Goh
Interested Parties	: Collectively, the Interested Directors, Interested Major Shareholder, KLSB, GVVSB and persons connected with them
JPY	: Japanese Yen
Kenanga IB or Principal Adviser	: Kenanga Investment Bank Berhad
KLSB or Vendor	: Kapar Land Sdn Bhd
km	: Kilometer(s)
Land	: A parcel of freehold land measuring approximately 23.48 hectares located at Mukim Kapar, Daerah Klang, Negeri Selangor. Further details on the land are set out in Section 2.1, Part A and in the Valuation Certificate annexed as Appendix V of this Circular
Laurelcap	: Laurelcap Sdn Bhd, an independent property consultant who has been appointed by the Company to conduct a market study on the Land and to assess the Development Project based on the Company's preliminary conceptual plan
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	: 20 October 2023, being the latest practicable date prior to the date of this Circular
Major Shareholder(s)	: Person(s) who have an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: - <ul style="list-style-type: none"> (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. <p>For the purposes of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act. A Major Shareholder 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, or any other corporation which is its subsidiary or holding company</p>
Market Study Report	: Independent market study report by Laurelcap dated 4 August 2023 based on the Company's preliminary conceptual plan on the Development Project

DEFINITIONS (CONT'D)

MBC or the Company	: Malaysian Bulk Carriers Berhad
MBC Group or the Group	: Collectively, MBC and its subsidiaries
MBC Logistic Hub or Purchaser or JV Company	: MBC Logistic Hub Sdn Bhd (formerly known as MBC Retail Sdn Bhd)
MBC Share(s) or Share(s)	: Ordinary share(s) in the Company
NA	: Net assets
NBV	: Net book value
Proposals	: Collectively, the Proposed Joint Venture, Proposed Acquisition and Proposed Diversification
Proposed Acquisition	: Proposed acquisition by MBC Logistic Hub of the Land from KLSB for the Purchase Consideration
Proposed Change of Name	: Proposed change of Company's name
Proposed Diversification	: Proposed diversification of the existing principal activities of MBC Group to include the Industrial Property Business
Proposed Joint Venture	: Proposed joint venture between MBC and GVVSB to jointly acquire and develop the Land pursuant to the SSA
Purchase Consideration	: The total purchase consideration for the Land of RM165 million which shall be wholly satisfied in cash
Related Parties	: A Director, Major Shareholder or a person connected with such Director or Major Shareholder
RM and sen	: Ringgit Malaysia and sen, respectively
Shareholder(s)	: Registered holder(s) of MBC Shares
SMITH ZANDER	: Smith Zander International Sdn Bhd, an independent market researcher
SPA	: Conditional sale and purchase agreement dated 29 August 2023 entered into between MBC Logistic Hub (as purchaser) and KLSB (as vendor) for the Proposed Acquisition
SPA Conditions Precedent	: The conditions precedent of the SPA as set out in Appendix II of this Circular
SPA Unconditional Date	: The date upon which the last of the SPA Conditions Precedent is fulfilled and the receipt by the solicitors of the last documents as required in the SPA
sq ft	: Square feet
sqm	: Square meter
SSA	: Conditional subscription and shareholders' agreement dated 29 August 2023 entered into between MBC and GVVSB to undertake the Proposed Joint Venture

DEFINITIONS (CONT'D)

SSA Conditions Precedent	: The conditions precedent of the SSA as set out in Appendix III of this Circular
SSA Unconditional Date	: The date of the SSA Conditions Precedent being obtained / fulfilled or deemed fulfilled or waived
USD	: United States Dollar
Valuation Certificate	: The valuation certificate in relation to the Land issued by the Independent Valuer dated 28 August 2023 on the Land, as set out in Appendix V of this Circular
Valuation Report	: The valuation report on the Land issued by the Independent Valuer dated 28 August 2023 on the Land

All references to “you” or “your” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any statute, rules, regulations or legislation is a reference to such statute, rules, regulations or legislation currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

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

[The rest of this page has been intentionally left blank]

TABLE OF CONTENTS

	Page
PART A	
LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ACQUISITION	2
3. DETAILS OF THE PROPOSED JOINT VENTURE	8
4. DETAILS OF THE PROPOSED DIVERSIFICATION	16
5. RATIONALE FOR THE PROPOSALS	20
6. INDUSTRY OVERVIEW AND PROSPECTS	22
7. RISK FACTORS	29
8. EFFECTS OF THE PROPOSALS	31
9. APPROVALS REQUIRED AND CONDITIONALITY	33
10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	34
11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	34
12. DIRECTORS' STATEMENT AND RECOMMENDATION	35
13. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT	35
14. INDEPENDENT ADVISER	35
15. TRANSACTIONS WITH THE INTERESTED PARTIES IN THE PAST 12 MONTHS	36
16. TENTATIVE TIMELINE	36
17. EGM	36
18. FURTHER INFORMATION	37
PART B	
INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MBC IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED JOINT VENTURE	38

TABLE OF CONTENTS (CONT'D)

	Page
PART C	
LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED CHANGE OF NAME	
1. INTRODUCTION	91
2. DETAILS OF THE PROPOSED CHANGE OF NAME	92
3. RATIONALE FOR THE PROPOSED CHANGE OF NAME	92
4. EFFECTS OF THE PROPOSED CHANGE OF NAME	92
5. APPROVALS REQUIRED	92
6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	92
7. DIRECTORS' STATEMENT AND RECOMMENDATION	92
8. EGM	93
9. FURTHER INFORMATION	93
 APPENDIX I INFORMATION ON MBC LOGISTIC HUB	 94
APPENDIX II SALIENT TERMS OF THE SPA	96
APPENDIX III SALIENT TERMS OF THE SSA	104
APPENDIX IV FURTHER INFORMATION	112
APPENDIX V VALUATION CERTIFICATE IN RELATION TO THE LAND	114
NOTICE OF EGM	ENCLOSED
ADMINISTRATIVE GUIDE	ENCLOSED
PROXY FORM	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals and the Proposed Change of Name. Shareholders are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.

Key information	Description	Reference in Circular
Summary of the Proposals	<p>Proposed Acquisition</p> <p>The Proposed Acquisition entails the acquisition of the Land by MBC Logistic Hub (which as at the LPD is a wholly-owned subsidiary of MBC and pursuant to the terms of the SSA, shall be a 60%-owned subsidiary of MBC) from KLSB for a total cash consideration of RM165 million, subject to the terms and conditions of the SPA.</p> <p>Proposed Joint Venture</p> <p>The Proposed Joint Venture entails the joint venture between MBC and GVVS to jointly acquire and develop the Land via their joint shareholdings in MBC Logistic Hub.</p> <p>Proposed Diversification</p> <p>The Proposed Diversification entails the diversification of the existing business of MBC Group to include the Industrial Property Business.</p> <p>Proposed Change of Name</p> <p>MBC proposes to change the Company's name from "Malaysian Bulk Carriers Berhad" to "Maybulk Berhad".</p>	Sections 2, 3 & 4, Part A and Section 2, Part C
Rationale for the Proposals	<p>Proposed Acquisition</p> <p>The Group is principally involved in the business of ownership and operation of vessels as well as ship management. The Proposed Acquisition is in line with the Group's aim to venture into the Industrial Property Business as an additional revenue source to reduce the dependence on its existing shipping business.</p> <p>Proposed Joint Venture</p> <p>The Proposed Joint Venture allows the Group to jointly acquire and develop the Land with GVVS. In turn, the Project is expected to contribute positively to the earnings of the Group premised on the strategic location of the Land and easy accessibility via major roads and highways.</p> <p>Proposed Diversification</p> <p>The Proposed Diversification allows the Group to expand its income base to include Industrial Property Business. As and when the Group's proposed development of the Land materialises, it should provide the Group with an additional source of revenue and earnings and reduce its dependence on its existing shipping business.</p> <p>The Proposed Joint Venture, Proposed Acquisition and Proposed Diversification are intended to be undertaken together to facilitate the Group's foray into Industrial Property Business.</p> <p>Proposed Change of Name</p> <p>The Proposed Change of Name is part of the rebranding exercise to better align with the Group's corporate identity in view of the Proposed Diversification.</p>	Section 5, Part A and Section 3, Part C

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference in Circular
Risk factors	<p>Key risks relating to the Proposed Acquisition</p> <p>(i) Non-completion of the Proposed Acquisition The completion of the Proposed Acquisition is conditional upon the fulfillment of the SPA Conditions Precedent. There can be no assurance that the fulfillment of the SPA Conditions Precedent will be satisfied, waived or obtained, as the case may be, within the stipulated timeframe.</p> <p>(ii) Compulsory acquisition by the Government Pursuant the Land Acquisition Act 1960, the relevant state authority has the power to compulsorily acquire any land within the jurisdiction of such relevant state authority in Malaysia in accordance with the aforesaid act.</p> <p>Key risks relating to the Proposed Joint Venture</p> <p>(i) Non-completion of the Proposed Joint Venture The completion of the SSA is subject to fulfilment of the SSA Conditions Precedent and other obligation for both parties set forth in the SSA. In the event of default by either party, the counter party has the right to terminate the SSA.</p> <p>(ii) Non-completion or delay in the Development Project The timely completion of the Development Project is critical for the Proposed Joint Venture. A delay in the completion of the Development Project could result from factors which are beyond the control of MBC or GVVSB.</p> <p>Key risks relating to the Proposed Diversification</p> <p>(i) Dependence on its key personnel The operations of the Industrial Property Business will depend significantly on the experience and expertise of Ooi Teik Huat, Chua Boon Pin and Lim Eng Poh, the key management personnel identified by the Group who will be responsible for overseeing the day-to-day operations of the Industrial Property Business.</p> <p>(ii) Risk of property overhang The Industrial Property Business may face the risk of property overhang, commonly caused by over-supply and low demand for industrial properties and other factors such as economic downturns and unfavourable financial conditions.</p>	Section 7, Part A
Approvals required and conditionality	<p>The Proposals are subject to approvals being obtained from the following:</p> <p>(i) Shareholders at the forthcoming EGM; and</p> <p>(ii) any other relevant authorities and/or parties, if required.</p> <p>The Proposals are inter-conditional upon each other.</p>	Section 9, Part A

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference in Circular
Interests of Directors, major Shareholders and/or persons connected with them	<p>Dato' Goh is deemed interested in the Proposals by virtue of him being the Group Managing Director and major shareholder of MBC, as well as a director and major shareholder of KLSB and GVVS. Lin JunLiang, Troy, being the Non-Independent Non-Executive Director of MBC is also deemed interested in the Proposals as he is the son-in-law of Dato' Goh.</p> <p>Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company pertaining to the Proposals. The Interested Directors and Interested Major Shareholder will also abstain and will undertake to ensure that persons connected with them (if any) will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 11, Part A
Audit and Risk Management Committee's statement	<p>The Audit and Risk Management Committee of MBC, after having considered all aspects of the Proposals, including the rationale and effects, is of the view that the Proposals are:</p> <ul style="list-style-type: none"> (i) in the best interest of the Company; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the non-interested Shareholders. <p>The Audit and Risk Management Committee of MBC has also considered the views of the Independent Adviser in forming its opinion in relation to the Proposals and has concurred with the views of the Independent Adviser.</p>	Section 13, Part A
Directors' statement and recommendation	<p>The Board (save for the Interested Directors), having considered the current and prospective financial position of the Company and after careful deliberation and taking into consideration the rationale and all other aspects of the Proposals including the salient terms of the SSA and SPA as well as the views of the Independent Adviser, is of the opinion that the Proposals are in the best interests of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the non-interested Shareholders.</p> <p>Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 12, Part A

PART A

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS



MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)
(Incorporated in Malaysia)

Registered Office:
Suite 8.01, Level 8
Menara Binjai
No 2 Jalan Binjai
50450 Kuala Lumpur
Wilayah Persekutuan
Malaysia

9 November 2023

Board of Directors

Yeoh Khoon Cheng (Independent Non-Executive Chairman)
Dato' Goh Cheng Huat (Group Managing Director)
Ooi Teik Huat (Executive Director and Chief Financial Officer)
Lin JunLiang, Troy (Executive Director cum Chief Investment Officer)
Elsie Kok Yin Mei (Independent Non-Executive Director)
Mohd. Arif bin Mastol (Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED ACQUISITION;**
- (II) **PROPOSED JOINT VENTURE; AND**
- (III) **PROPOSED DIVERSIFICATION**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 29 August 2023, Kenanga IB had, on behalf of the Board, announced that:

- (i) MBC Logistic Hub (which is currently a wholly-owned subsidiary of MBC and pursuant to the terms of the SSA, shall be a 60%-owned subsidiary of MBC), had on even date, entered into the SPA with KLSB to acquire a parcel of freehold land measuring approximately 23.48 hectares located in Mukim Kapar, Daerah Klang, Negeri Selangor for a total cash consideration of RM165 million; and
- (ii) MBC had also, on even date, entered into the SSA with GVVSB for the subscription of new ordinary shares in MBC Logistic Hub, where MBC Logistic Hub shall become a 60%-owned subsidiary of MBC, while GVVSB shall hold the remaining 40% of equity in MBC Logistic Hub, and the SSA shall regulate their rights as the shareholders of MBC Logistic Hub.

Further to the above, MBC also proposes to undertake the diversification of the existing business of the Group to include the Industrial Property Business.

The Proposed Acquisition and Proposed Joint Venture are deemed to be related party transactions pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder as set out in Section 11, Part A of this Circular. Accordingly, BDOCC has been appointed as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders in relation to the Proposed Acquisition and Proposed Joint Venture. By virtue of the inter-conditionality of the Proposals, the Interested Directors and Interested Major Shareholder are also deemed interested in the Proposed Diversification.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATIONS OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition involves the acquisition by MBC Logistic Hub of the Land from KLSB for the Purchase Consideration. The Land is being acquired free from all encumbrances with vacant possession and further subject to the terms and conditions of the SPA, the salient terms of which are set out in Appendix II of this Circular.

2.1 Information on the Land

The Land is a parcel of freehold vacant industrial land located along Jalan Bukit Kapar, Kapar, Selangor. It is situated approximately 47 km due west of Kuala Lumpur City Centre whilst Kapar town centre is located about 2 km to the south-west of the Land and Port Klang lies approximately 28 km due south of the Land.

The Land is surrounded mainly by a mixture of industrial and residential developments such as factories, houses and shop-offices. Notable landmarks in the vicinity of the Land include the Bukit Kapar Tenaga Nasional Berhad substation, NS BlueScope Malaysia Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Government Clinic Pekan Kapar and Econsave Kapar.

The Land is accessible from Kuala Lumpur City Centre via New Klang Valley Expressway, followed by Selat Klang Highway, Shapadu Highway and the West Coast Expressway. The junctions of several highways are also accessible from the Land, namely the West Coast Expressway Interchange, New North Klang Straits Bypass and New Klang Valley Expressway are located approximately 5 km, 18 km and 17 km to the south-east of the Land respectively.

The location of the Land is illustrated in the map below:



The details of the Land are as follows:

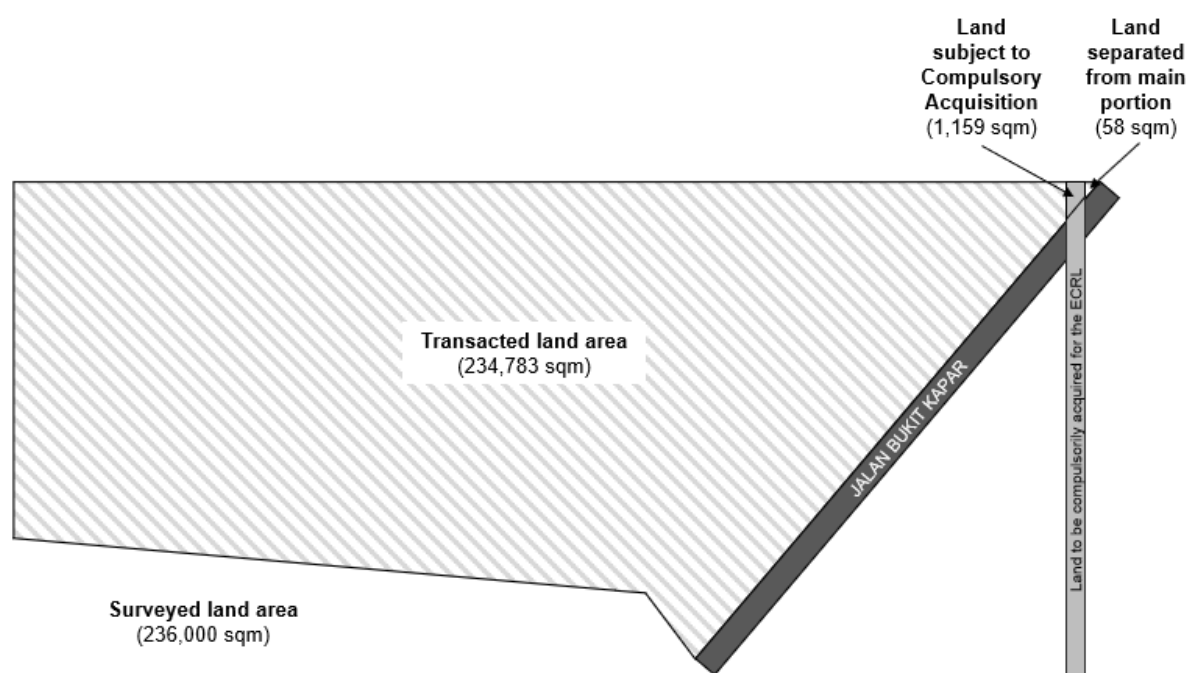
Title particulars	: H.S.(D) 166441, Lot No PT 85116, Mukim Kapar, Daerah Klang, Negeri Selangor
Tenure	: Freehold
Provisional land area ⁽¹⁾	: Approximately 23.5992 hectares (equivalent to approximately 235,992 sqm)
Transacted land area ⁽¹⁾	: Approximately 23.4783 hectares (equivalent to approximately 234,783 sqm)
Registered owner ⁽²⁾	: Sinaran Seribumi Sdn Bhd, a subsidiary of KLSB ("Sinaran Seribumi")
Beneficial owner ⁽²⁾	: KLSB
Existing use	: Vacant industrial land ⁽³⁾
Proposed use	: Proposed industrial development of warehouses
Category of land use	: "Industri"
Express condition	: "Industri Sederhana"
Restriction in interest	: Nil
Endorsement	: Nil
Encumbrances ⁽⁴⁾	: Charged to AmBank (M) Berhad ("Chargee") vide Presentation No. 46171/2023 on 31 May 2023
Independent Valuer	: Henry Butcher Malaysia (Sel) Sdn Bhd
Method of valuation	: Comparison approach
Audited NBV as at 31 December 2022 ⁽⁵⁾	: RM23.78 million ⁽⁵⁾
Market value ⁽⁶⁾	: RM165 million

Notes:

- (1) The provisional land area of the Land as per title document is approximately 23.5992 hectares (equivalent to 235,992 sqm). However, the surveyed land area as per the Certified Plan no. PA257592 is 23.6000 hectares (equivalent to 236,000 sqm).

As at the LPD, a portion of the land is proposed to be compulsorily acquired based on Form E (Notice of enquiry to persons interested) and Form F (Notice to persons interested to require evidence in writing), both dated 12 May 2023 served to Sinaran Seribumi by the Land Administration Office of Klang, for the purposes of the East Coast Rail Link (“**ECRL**”) Project vide Government of Selangor Gazette No. 254 dated 12 January 2023 (“**Compulsory Acquisition**”).

In addition, if the Compulsory Acquisition were to be completed, a small parcel of land will be cut off from the rest of the Land as shown in the diagram below:



The details of the differences between the surveyed land area and the transacted land area are as follows:

	Surveyed land area	Land subject to Compulsory Acquisition	Land separated from main portion	Transacted land area
	(sqm)	(sqm)	(sqm)	(sqm)
Land area	236,000	(1,159)	(58)	234,783

For the avoidance of doubt, the Independent Valuer had adopted the transacted land area of 234,783 sqm in arriving at the market value of the Land.

- (2) For information purposes, KLSB had completed the acquisition of the Land from Sinaran Seribumi on 9 January 2023 and both parties agree that Sinaran Seribumi shall hold the land title on trust as trustee for KLSB. As at the LPD, Sinaran Seribumi is a subsidiary of KLSB.

- (3) *As at the LPD, the Land is planted with oil palm trees aged between 10 to 20 years old. Pursuant to the terms of the SPA, the Vendor shall be responsible carry out the site clearance work to remove all existing oil palm trees and attend to the flattening work on the Land to the same level as the main road of the Land within 6 months from the date of fulfilment of all the SPA Conditions Precedent.*
- (4) *The encumbrance on the Land will be discharged prior to the completion of the Proposed Acquisition.*
- (5) *Based on the audited financial statements of KLSB and its subsidiary for the FYE 2022. The NBV of the Land excludes the payment of land conversion premium for conversion of the category of land use of the Land from agriculture to medium industrial which was incurred in the FYE 2023.*
- (6) *As appraised by the Independent Valuer vide its valuation report dated 28 August 2023. For avoidance of doubt, the Independent Valuer had valued only the transacted land area of 234,783 sqm in arriving at the market value of the Land. The Independent Valuer had also taken into consideration the term of the SPA requiring the Vendor to clear and level the Land as set out in Note (3) above.*

The Independent Valuer had only adopted the comparison approach of valuation in appraising the market value of the Land as other alternative methods are not applicable in view that the Land comprises a parcel of vacant industrial land and the planning of development on the Land is currently in preliminary stage only. Under the comparison approach, the market value of the Land is determined by comparing it with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.

2.2 Basis and justification of determining the Purchase Consideration

The Purchase Consideration was arrived at on a 'willing-buyer willing-seller' basis and after taking into consideration the following:

- (i) the market value of the Land of RM165 million as appraised by the Independent Valuer based on the comparison method of valuation;
- (ii) the rationale for the Proposed Acquisition as set out in Section 5, Part A of this Circular; and
- (iii) the prospects of the Development Project as set out in Sections 3.1 and 6.3, Part A of this Circular.

The Company had appointed the Independent Valuer to undertake an independent valuation on the Land and vide its Valuation Report, the Independent Valuer had ascribed a market value of RM165 million for the Land using the Comparison method of valuation.

The Independent Valuer have adopted the Comparison method of valuation in appraising the market value of the Land. Only one method has been adopted in valuing the Land as the Comparison Approach is the most appropriate method of valuation to assess the market value of the Land as the Land comprises a parcel of vacant industrial land and the planning of development on the Land is currently in preliminary stage only, therefore other methods of valuation are not suitable.

The Comparison method of valuation is the market approach of comparing the Land with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at the market value.

2.3 Information on the Purchaser

MBC Logistic Hub is a private limited company incorporated in Malaysia under the Act on 19 September 2022 as MBC Retail Sdn Bhd before changing its name to MBC Logistic Hub Sdn Bhd on 24 August 2023. MBC Logistic Hub was previously incorporated to undertake the business of retail sale of consumer goods pursuant to the collaboration agreement dated 15 August 2022 entered into between MBC and Tunas Manja Sdn Bhd (as further detailed in Section 4(i) of Part A of this Circular). MBC Logistic Hub is currently dormant and its intended purpose is to be principally involved in the business of industrial property development and investment.

As at the LPD, MBC Logistic Hub is a wholly-owned subsidiary of MBC. Subject to the fulfilment of the SSA Conditions Precedent, MBC Logistic Hub shall become a 60% owned subsidiary of MBC and GVVSB shall hold the remaining 40% equity interest in MBC Logistic Hub.

Further information on MBC Logistic Hub is set out in Appendix I of this Circular.

2.4 Information on the Vendor

KLSB is a private limited company incorporated in Malaysia under the Act on 2 July 2019. KLSB is principally engaged in buying, selling, renting and operating of self-owned or leased real estate and sale of oil palm fruits.

As at the LPD, KLSB has a total issued share capital of RM5,000,000 comprising 5,000,000 ordinary shares. The sole director and shareholder of KLSB is Dato' Goh.

2.5 Mode of settlement

Pursuant to the terms of the SPA, the Purchase Consideration is to be satisfied entirely in cash pursuant to the payment schedule as set out in Section 5 of Appendix II of this Circular. Pursuant to the terms of the SSA, the Purchase Consideration to be paid by MBC Logistic Hub shall be funded via bank borrowings to be obtained and/or shareholders' advances from both MBC and GVVSB in proportion to their respective shareholdings in MBC Logistic Hub of 60% (MBC) and 40% (GVVSB). Based on such shareholding proportions and assuming the Purchase Consideration is satisfied entirely via shareholders' advances, the amount to be funded by each party is as follows:

Payment terms		Amount to be funded by		Total amount
		MBC	GVVSB	
		(RM'000)	(RM'000)	(RM'000)
(i)	10% of the Purchase Consideration to be paid by the Purchaser as deposit to the Vendor upon execution of the SPA	9,900	6,600	16,500
(ii)	85% of the Purchase Consideration to be paid by the Purchaser to the Vendor and/or Chargee in part payment of the Purchase Consideration within 3 months upon fulfilment of the SPA Conditions Precedent	84,150	56,100	140,250

Payment terms		Amount to be funded by		Total amount
		MBC	GVVSB	
		(RM'000)	(RM'000)	(RM'000)
(iii)	5% of the Purchase Consideration shall be paid by the Purchaser to the Vendor as the final payment towards the Purchase Consideration within 3 Business Days upon fulfilment of the Site Upgrading Works by KLSB ⁽¹⁾	4,950	3,300	8,250
Total		99,000	66,000	165,000

Note:

(1) Please see Section 9 of Appendix II of this Circular for further details on the Site Upgrading Works by KLSB.

For the avoidance of doubt, pursuant to the terms of the SPA as set out in Section 9 of Appendix II of this Circular, the Site Upgrading Works by KLSB must be carried out within 6 months from the SPA Unconditional Date. In addition, the Proposed Acquisition will be deemed completed upon payment of the remaining sum equivalent to 5% of the Purchase Consideration. Upon the completion of the Proposed Acquisition, MBC Logistic Hub shall become the beneficial owner of the Land and Sinaran Seribumi and KLSB shall have no further rights, interests, title and benefit in the Land.

In accordance with the terms of the SPA as set out in Section 11 of Appendix II of this Circular, a limited power of attorney is granted by Sinaran Seribumi and KLSB to MBC Logistic Hub which empowers MBC Logistic Hub to prepare, execute and/or submit relevant applications for the purpose of the Development Project, including applications for the building plans, as well as the authority to liaise with the Appropriate Authorities in respect of the Development Project, pending registration of issue document of title of the Land in favour of MBC Logistic Hub.

For information, pursuant to the terms of the SPA as set out in Section 9 of Appendix II of this Circular, the transfer of issue documents or title of the Land shall be procured within 2 years from the completion date of the Proposed Acquisition, as the Land remains subject to the Compulsory Acquisition. The time period of 2 years was mutually agreed by the parties and is intended to provide sufficient time for the completion of the Compulsory Acquisition. Pursuant to the terms of the SPA as set out in Section 13 of Appendix II of this Circular, KLSB undertakes to cause Sinaran Seribumi to hold the Land as bare trustee for and on behalf of MBC Logistic Hub pending registration of the transfer of the issue documents of title of the Land in favour of MBC Logistic Hub.

2.6 Source of funding

Based on the Company's preliminary conceptual plan, MBC Logistic Hub intends to fund 80% of the Purchase Consideration which is equivalent to RM132.00 million via bank borrowings. The balance amount which is equivalent to RM33.00 million shall be funded via shareholders' advances in accordance with the shareholding proportions as set out in the SSA where MBC and GVVSB shall fund RM19.80 million and RM13.20 million respectively.

Depending on the timing and quantum of the bank borrowings obtained, MBC may fund its share of the Purchase Consideration either from the proceeds of the disposal of Alam Kekal (as further elaborated in Section 4, Part A of this Circular), its internally-generated funds or its own bank borrowings. Based on the latest unaudited financial statements of the Group, the Group has cash and bank balances of approximately RM196.23 million as at 30 June 2023.

2.7 Liabilities to be assumed by the MBC Group and guarantees given by the MBC Group

There are no liabilities to be assumed by the Group and no guarantees given by the Group to the Vendor pursuant to the Proposed Acquisition.

2.8 Additional financial commitments

Save for the Purchase Consideration as well as the professional fees and stamp duty to be paid for the Proposed Acquisition, there is no additional financial commitment to be incurred by the Group pursuant to the Proposed Acquisition.

However, Shareholders should take note that the Group will incur additional financial commitments as part of undertaking the Development Project pursuant to the Proposed Joint Venture, further details of which are set out in Section 3.1, Part A of this Circular below.

2.9 Original cost and date of investment in the Land

Sinaran Seribumi had on 10 July 2019 entered into a sale and purchase agreement with Sime Darby Plantation Berhad to acquire approximately 1,702,067 sqm of land (inclusive of the Land area of approximately 234,783 sqm) for a total purchase consideration of RM155,727,468.27 and on the same date KLSB had entered into a sale and purchase agreement with Sinaran Seribumi to acquire approximately 607,028 sqm of land ("**Original Land**") (inclusive of the Land area of approximately 234,783 sqm) for a total purchase consideration of RM55,539,000 ("**Original Acquisition**"). Subsequent to the Original Acquisition, the land had been subdivided into 4 parcels of land ("**Land Subdivision**"), including the Land which is the subject of the Proposed Acquisition.

The total cost of KLSB's investment in the Land as at the LPD is approximately RM40.71 million which includes the cost of land acquisition as well as the payment of land conversion premium for conversion of the category of land use of the Land from agriculture to medium industrial. For avoidance of doubt, KLSB's cost of investment in the Land does not include the costs to be incurred in respect of the Site Upgrading Works to remove all existing oil palm trees and flattening of the Land to the same level as the main road of the Land as per the terms of the SPA as further set out in Appendix II of this Circular.

In addition, KLSB will be required to surrender a designated area from the Original Land as setback encompassing landscaping enhancements, a water detention pond, a water reservoir, road setback, as well as the establishment of infrastructure for utilities such as electricity substation, water facilities and sewerage treatment plant. The total size of these setbacks cannot be determined at this juncture as KLSB has yet to finalise the development plan of the other parcels of land. Nevertheless, KLSB estimates that the future setback to be surrendered will encompass approximately 5% to 10% of the land area.

For avoidance of doubt, the land setbacks to be surrendered by KLSB will not affect the Land, but rather the remaining parcels of the Original Land owned by KLSB.

3. DETAILS OF THE PROPOSED JOINT VENTURE

In conjunction with the signing of the SPA for the Proposed Acquisition, MBC had on the same day, entered into the SSA with GVVSB for the subscription of ordinary shares in MBC Logistic Hub and to record their mutual commitments and to regulate their rights in relation to their joint ownership and operation of MBC Logistic Hub, the salient terms of which are set out in Appendix III of this Circular.

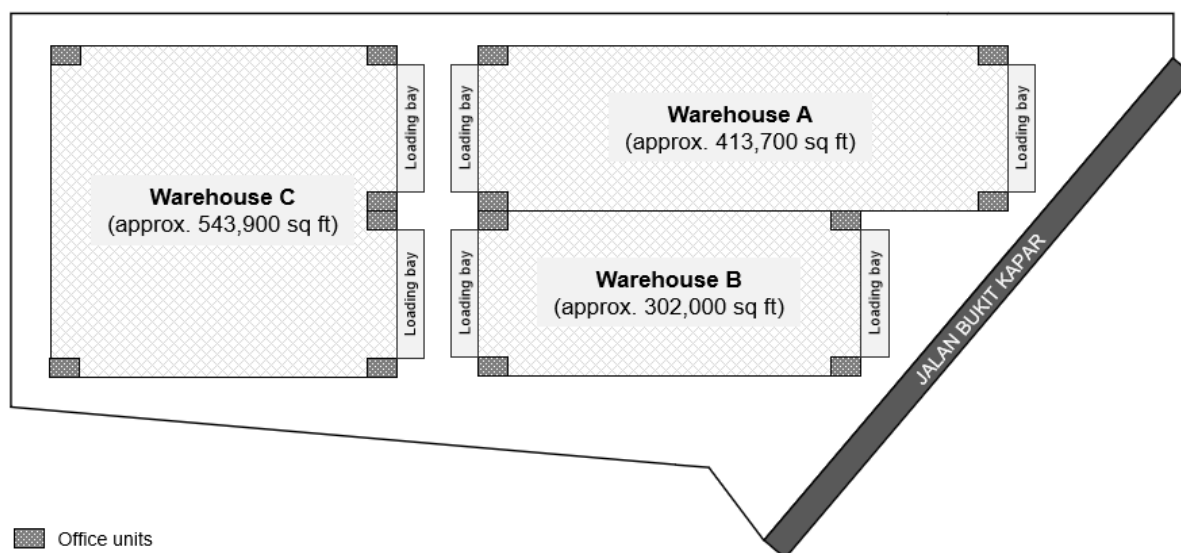
Pursuant to the SSA, both MBC and GVVSB shall subscribe for new ordinary shares in MBC Logistic Hub for a subscription price of RM1.00 per ordinary share of MBC Logistic Hub in the following proportions:

	As at the LPD	Shares to be subscribed	Subscription price	After the subscription	
	No. of shares	No. of shares	(RM)	No. of shares	(%)
MBC	1	59,999	59,999	60,000	60.00
GVVSB	-	40,000	40,000	40,000	40.00
Total	1	99,999	99,999	100,000	100.00

Under the Proposed Joint Venture, MBC and GVVSB shall jointly manage MBC Logistic Hub to implement and complete the Development Project in its capacity as the landowner and developer. In view of their respective shareholdings in MBC Logistic Hub, MBC and GVVSB shall be effectively entitled to 60% and 40% of the profit before taxation of MBC Logistic Hub respectively.

3.1 Details of the Development Project

Based on the Company's preliminary conceptual plan, the Development Project comprises 3 large warehouse buildings to be developed on the Land. The layout plan of the Development Project is expected to be as follows:



The warehouses to be constructed are intended to have 14 individual office units which will enable the warehouses to be rented out enbloc or subdivided into up to 14 separate warehouses with their own office units for rental to different tenants.

The Development Project will also be designed to be environmentally friendly and sustainable, falling under the category of a "green building" and is expected to incorporate the following features:

- rooftop solar panels with on-site power storage;
- a rainwater harvesting system;
- a waste management system to encourage tenants to recycle and minimise output to landfills;
- windows and skylights which will allow for natural light to enter the warehouse which reduces the need for electric lighting during the day; and

- design elements which encourage natural ventilation and passive cooling, reducing the need for air conditioning.

By obtaining green building certification, the Development Project would be more attractive to tenants which are multinational companies as well as their suppliers, who are undertaking environmental, social and governance (ESG) initiatives and are focused on sustainability.

This would widen the pool of potential tenants for the Development Project and allow the Development Project to attract blue chip companies both locally and from abroad.

Further details of the Development Project are as follows:

Estimated gross development value	: N/A ⁽¹⁾
Estimated GDC	: RM163.16 million ⁽²⁾
Total estimated lettable area	: Approximately 117,000 sqm (equivalent to approximately 1.26 million sq ft)
Estimated rental income	: Ranging from approximately RM33.26 million to RM36.28 million per annum ⁽³⁾
Expected date of obtaining project development order	: 1 st quarter of 2024
Expected date of commencement of development	: 2 nd quarter of 2024
Expected date of completion of development	: 2 nd quarter of 2025

Notes:

- (1) *Not applicable as the warehouses to be developed are intended to be retained by the Group for rental income.*
- (2) *Based on the Company's preliminary conceptual plan, the estimated GDC of the Development Project and its components as appraised by the key management personnel for the Industrial Property Business are as follows:*

Description	Estimated cost (RM' million)
Preliminaries	2.00
Construction cost (including steel work, concrete work, mechanical and engineering work, piling and drain works)	151.16
Professional fees (including land surveyor, civil engineer and project management consultant) ^(a)	7.00
Overhead and administration ^(b)	3.00
Total estimated GDC	163.16

- (a) The breakdown of the estimated professional fees are as follows:

Expenses	(RM'000)
Civil engineer	4,800
Project management consultant	1,600
Land surveyor	135
Others^	465
Total	7,000

^ Inclusive of fees for conducting environmental impact assessments, traffic impact study and road safety audit.

- (b) The breakdown of the estimated overhead and administration expenses are as follows:

Expenses	(RM'000)
Staff cost, sub-contracting cost	1,500
Operational expenses including equipment rental	900
Administrative expenses	600
Total	3,000

- (3) Based on the Group's estimated monthly rental rates which range from RM2.20 per sq ft to RM2.40 per sq ft which was appraised by the key management personnel after taking into consideration amongst others, the anticipated increase in demand for such properties following the expected completion of the West Coast Expressway by 2025. As disclosed in Section 3.2(i), Laureicap has assessed the monthly rental rate of the Development Project to range from RM2.00 per sq ft to RM2.80 per sq ft.

As per the terms of the SSA, the total cost to be incurred by MBC Logistic Hub for the Proposed Acquisition as well as the Development Project shall be borne by the shareholders of MBC Logistic Hub in proportion to their respective shareholdings. Based on their respective shareholdings, the portion of the Purchase Consideration and the estimated GDC attributable to MBC and GVVS B are as follows:

	Purchase Consideration	Estimated GDC	Total cost
	(RM'000)	(RM'000)	(RM'000)
MBC (60%)	99,000	97,898	196,898
GVVS B (40%)	65,000	65,265	131,265
Total	165,000	163,163	328,163

For avoidance of doubt, based on the Company's preliminary conceptual plan, MBC Logistic Hub intends to fund 80% of the Purchase Consideration and the estimated GDC for the Development Projects via bank borrowings.

Based on the estimated rental income and estimated GDC of the Development Project, the expected return on investment ("ROI") and return on equity ("ROE") of the Development Project are as follows:

Estimated ROI of the Development Project ⁽¹⁾	:	10.13% to 11.06%
Estimated ROE of the Development Project ⁽²⁾	:	24.67% to 29.28%

Notes:

- (1) Calculated as the estimated rental income per annum divided by the total cost of the Development Project (inclusive of the cost of the Land) as tabulated below:

		<u>(RM' million)</u>
Total estimated GDC		163.16
Purchase Consideration for the Land		165.00
Total cost of the Development Project	[A]	328.16
Estimated rental income	[B]	33.26 to 36.28
Estimated ROI (%)	[B]÷[A]	10.13 to 11.06

- (2) Calculated as the estimated rental income (less the estimated borrowing cost) per annum divided by the total cost of the Development Project (inclusive of the cost of the Land) to be funded via shareholders' advances from MBC and GVVS as tabulated below:

		<u>(RM' million)</u>
Total cost of the Development Project	[A]	328.16
Percentage funded via bank borrowings (%)		80%
Total cost to be funded via bank borrowings	[C]	262.53
Total cost to be funded via shareholders' advances	[A]-[C]=[D]	65.63
Estimated interest rate for bank borrowings (%) ^(a)	[E]	6.5%
Estimated borrowing cost per annum	[C]x[E]=[F]	17.06
Estimated rental income	[B]	33.26 to 36.28
Estimated net rental income	[B]-[F]=[G]	16.19 to 19.21
Estimated ROE (%)	[G]÷[D]	24.67 to 29.28

Note:

- (a) Based on the Group's enquiries with financial institutions.

Shareholders should take note that the above estimated ROI and ROE are shown for illustrative purposes only and is based on the Company's preliminary conceptual plan which is subject to finalisation and the approval of project development order by the relevant authorities.

The Company has appointed Laurelcap to conduct a market study on the industrial market in the vicinity of the Land and to assess the Development Project. The summary of the key findings of the Market Study Report is set out below.

3.2 Summary of the Market Study Report

(i) Demand

Laurelcap noted that the Development Project is located within a rapidly growing township in the northern region of Klang, Selangor. This growth is aided by the completed interchange of the West Coast Expressway at Bandar Bukit Raja which had led to improved connectivity to other highway networks. As such, the demand for industrial property in Kapar is steadily rising. Laurelcap also noted that there is a limited supply of developments similar to the Development Project.

(ii) **Market rental**

Laurelcap identified 10 localities within Selangor and compiled the asking rentals for 10 industrial properties in each locality. For industrial properties in in Petaling, Klang and Kuala Selangor districts, the monthly rental rate ranges between RM1.08 per sq ft to RM3.50 per sq ft, with each locality demonstrating unique attributes and competitive advantages in the industrial property market.

From their list of industrial properties in Selangor, Laurelcap further identified 5 industrial properties deemed most comparable with the Development Project. These 5 properties had asking monthly rental rates ranging from RM1.91 per sq ft to RM2.50 per sq ft.

In Kapar, the asking monthly rental rate falls within the range of between RM1.70 per sq ft to RM2.08 per sq ft. Laurelcap is of the view that the current asking rental rate is indicative of a favourable and competitive rental rate environment, particularly in view that the significant threshold of RM2.00 per sq ft per month has been surpassed. The competitiveness of Kapar is largely due to the limited supply of industrial properties in Kapar as well as the anticipated completion of the West Coast Expressway and ECRL.

Given these favourable factors, Laurelcap expects the asking rental rate in Kapar to continue to trend upwards in the future as its growing position as an industrial hub is expected to contribute to further growth in rental rates in view of the following factors:

- (i) the completion of the interchange of the West Coast Expressway at Bandar Bukit Raja;
- (ii) the expected completion of the full West Coast Expressway which is anticipated to be by 2025;
- (iii) the future ECRL project connecting Port Klang to the East Coast states of Peninsular Malaysia, namely Pahang, Terengganu and Kelantan.

In addition, Laurelcap notes that the Development Project will fall under the category of a “green building” which is expected to drive demand from multi-national companies who might be willing to pay a higher rental to occupy a “green building”. As such, Laurelcap has assessed the monthly rental rate of the Development Project to range from RM2.00 to RM2.80 per sq ft.

Premised on the above, Laurelcap is of the view that the estimated monthly rental rates of RM2.20 per sq ft to RM2.40 per sq ft are reasonable.

(iii) **Building cost**

In its evaluation of the estimated GDC of the Development Project, Laurelcap has referred to the Costbook 2022 issued by the Building Cost Information Services Malaysia (“**BCISM**”) and the cost handbook Malaysia 2022 issued by Arcadis (“**Arcadis**”) for the estimated building construction cost rates.

The building construction cost estimates referred to by Laurelcap are summarised as follows:

	BCISM	Arcadis
	(RM)	(RM)
Building construction cost (per sq ft) ⁽¹⁾	123.00	108.00

Note:

- (1) *After excluding building services cost such as mechanical expenses (covering heating, ventilation, and air conditioning systems), electrical expenses (including wiring, lighting, power outlets, and safety measures like grounding and circuit protection), and public health systems (involving clean water supply, drainage systems, and waste management solutions).*

Further to the above, Laurelcap has assigned a building services cost of the Development Project based on the Company's preliminary conceptual plan for the Development Project. Premised on this, Laurelcap had estimated that the construction cost of the Development Project ranges between RM140 to RM170 per sq ft (equivalent to total costs of RM173.84 million to RM192.73 million).

However, Laurelcap notes that the building construction cost estimates provided by BCISM and Arcadis above is based on historical data and might not be reflective of current building costs.

In view of this, Laurelcap had consulted an independent contractor to provide a cost estimate for the Development Project based on MBC Logistic Hub's preliminary conceptual plan as follows:

	MBC's estimates		Independent contractor's estimates	
	(RM'000)	% of construction cost	(RM'000)	% of construction cost
Construction cost	151,163		133,294	
Preliminaries cost	2,000	1.3%	2,000	1.5%
Professional fees	7,000	5.0%	5,356	4.0%
Total	160,163		140,650	

Further to the estimates above, Laurelcap had compared the percentages of the preliminary cost and professional fees against the estimated construction cost and noted that the percentages for the estimated preliminaries cost and professional fees by MBC and the independent contractor is quite similar. Based on this, Laurelcap is of the opinion that the differences in the estimated cost of the Development Project as estimated by MBC and the independent contractor are small and this variation falls within an acceptable margin.

Premised on the above, Laurelcap is of the view that the estimated building construction cost of the Development Project is reasonable.

As at the LPD, MBC and GVVSB are still in the midst of finalising the details for the Development Project. Subject to obtaining the approval of the Shareholders for the Proposals and the completion of the Proposed Acquisition, the Group expects the application for development order for the Development Project to be submitted by the 4th quarter of 2023.

3.3 Information on GVVSB

GVVSB is a private limited company incorporated in Malaysia under the Act on 7 August 2023. GVVSB is principally involved in the business of property development and management as well as real estate activities.

As at the LPD, GVVSB has a total issued share capital of RM1.00, comprising 1 ordinary share. Dato' Goh is the sole director and shareholder of GVVSB.

GVVSB is the joint venture partner of MBC in respect of the Development Project. The roles and responsibilities of GVVSB and MBC are set out in Section 5 of Appendix III of this Circular.

3.4 Basis and justification for determining the subscription price payable by MBC and GVVSB

The subscription price of RM1.00 per ordinary share of MBC Logistic Hub will be fully satisfied via cash. This subscription price was arrived at after taking into consideration the existing share capital of MBC Logistic Hub of RM1.00 comprising 1 ordinary share.

3.5 Liabilities to be assumed by the MBC Group

Save for the obligations and liabilities arising from or in connection with the SSA pursuant to the Proposed Joint Venture (including the responsibilities of MBC as a joint venture partner of GVVSB as well as the financial obligations of the MBC Group in relation to the financing to be obtained by MBC Logistic Hub for the Development Project in accordance with MBC's shareholding proportion as stated in the SSA as set out in Sections 5, 6 and 7 of Appendix III of this Circular), there are no other liabilities, including any contingent liabilities to be assumed by the MBC Group arising from the Proposed Joint Venture.

3.6 Additional financial commitments

Save for the subscription price to be paid by MBC for the subscription of new ordinary shares in MBC Logistic Hub, as well as the professional fees and stamp duty to be paid in relation to the SSA, the Group expects to incur additional financial commitments in terms of the bank borrowings to be obtained by MBC Logistic Hub as well as shareholders' advances to be extended by MBC to MBC Logistic Hub in proportion to its eventual shareholding of 60% in MBC Logistic Hub to fund the Development Project.

The additional financial commitments to be incurred by the Group shall depend on, amongst others, the finalised plans for the Development Project as well as the amount of bank borrowings that can be obtained by MBC Logistic Hub for the Development Project.

3.7 Source of funding

MBC Logistic Hub is expected to fund the Purchase Consideration and the cost for the Development Project via bank borrowings as well as shareholders' advances from MBC and GVVSB, which shall be provided in proportion to their respective shareholdings in MBC Logistic Hub pursuant to the SSA. Based on the Company's preliminary conceptual plan, the Group estimates that 80% of the total cost will be met via bank borrowings.

MBC expects to finance its portion of shareholders' advances to fund the Development Project from the proceeds of the disposal of Alam Kekal and its internally-generated funds, further details of which are set out in Section 4, Part A of this Circular below.

4. DETAILS OF THE PROPOSED DIVERSIFICATION

As at the LPD, the Group is principally engaged in ownership and operation of vessels as well as ship management.

The Group has been looking for new strategic business opportunities to diversify its revenue streams. This is intended to mitigate the risk of overdependence on its existing core business which is subject to fluctuations in ship charter rates that are beyond the Group's control. In this regard, the Group had entered into the following agreements in the last 12 months:

- (i) On 15 August 2022, the Company entered into a collaboration agreement with Tunas Manja Sdn Bhd ("**TMSB**") to undertake grocery retail business and other grocery retail related businesses ("**Collaboration Agreement**") ("**Proposed Collaboration**"). On 14 November 2022, as the conditions precedent of the Collaboration Agreement had not been fulfilled and an extension of time was not granted by TMSB, the Collaboration Agreement was terminated and the Proposed Collaboration was aborted;
- (ii) On 26 August 2022, the Company entered into a heads of agreement ("**HOA**") with Dato' Chin Yoke Kan, Dato' Chin Yoke Choon, Chin Polling, Chin Poh Yung and Chin Poh Yun ("**TMSB Vendors**") for the acquisition of the entire issued and paid-up capital of TMSB, its subsidiaries and other companies owned by the TMSB Vendors for a purchase consideration to be determined later. On 13 January 2023, the Company and TMSB Vendors entered into a deed of mutual termination to terminate the HOA; and
- (iii) On 18 January 2023, the Company entered into a share sale agreement with Grand East Metal (Kulim) Sdn Bhd and Goh Ting Hong for the acquisition of 1,000,000 ordinary shares in EMTS representing 100% equity interest for a total consideration of RM70,000,000. EMTS is an end-to-end racking systems, logistic storage and retail display solutions provider. The acquisition of EMTS was completed on 30 January 2023.

As at the LPD, the Group generates revenue from operating dry bulk carriers as well as from the commercial and industrial shelving business of EMTS. However, moving forward the Group expects the dry bulk charter rates to be lower as compared to FYE 2022 as congestion has eased to pre-pandemic levels coupled with high levels of domestic coal production in China that will limit demand for dry bulk shipping of coal as China reduces its imports.

Following this, the Group had at an EGM held on 31 July 2023, obtained the approval of its shareholders for a mandate to dispose of one of its bulk carriers, namely Alam Kekal and on 30 August 2023, the Group had entered into a Memorandum of Agreement with Tokyo Century Corporation for the disposal of Alam Kekal for a cash consideration of JPY4,430,000,000 (equivalent to approximately RM140.062 million). The disposal of Alam Kekal was completed on 16 October 2023.

The disposal of Alam Kekal has enabled MBC to realise the value of its asset at a favourable price due to the high dry bulk charter rates since 2021 up until now resulting from the increased demand for commodities amid the global economic recovery which has increased the market value of Alam Kekal.

The disposal consideration of approximately RM140.062 million is expected to be utilised as follows:

Utilisation of proceeds		Estimated timeframe for utilisation from 16 October 2023	RM'000
(i)	Future business expansion ⁽¹⁾	Within 24 months	125,000
(ii)	Working capital	Within 12 months	12,262
(iii)	Estimated expenses for the disposal of Alam Kekal	Immediate	2,800
Total			140,062

Note:

- (1) *The Group intends to utilise a portion of the monies set aside for future business expansion to fund its portion of the Purchase Consideration as well as its portion of the Development Project. The actual utilisation cannot be determined at this juncture and shall depend on the timing and quantum of the bank borrowings to be secured by MBC Logistic Hub to fund the Purchase Consideration and the actual amount of funds required to be provided by the Group. Any funds not utilised for this purpose shall be utilised to finance other business expansion opportunities including any suitable and viable business(es) / investment(s) and/or strategic acquisition(s) to be identified.*

Following a strategic review of the Group's future direction made to the Board, MBC intends to diversify the existing business of the Group to include the Industrial Property Business in view of, amongst others, the favourable outlook and prospects of the industrial property market in Malaysia and in particular, Selangor, as highlighted in Section 6.2, Part A of this Circular.

The Group has identified the Land as the site of its maiden industrial property development project. The Land is intended to be developed with industrial buildings comprising 3 large warehouses which are intended to be leased to third-party tenants. These are intended to generate recurring rental income for the Group. Please refer to Section 3.1, Part A of this Circular above for further information on the Development Project as well as the estimated returns to the Group.

After taking into consideration amongst others, the total estimated cost for the Proposed Acquisition and Development Project as well as the expected rental income to be generated from the Development Project, the Board anticipates that the Industrial Property Business may contribute 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the NA of the Group moving forward.

In view thereof, the Board is seeking the approval from its Shareholders for the Proposed Diversification at the forthcoming EGM to be convened pursuant to Paragraph 10.13(1) of the Listing Requirements.

The Group's venture into the Industrial Property Business shall be spearheaded by Ooi Teik Huat, the Executive Director and Chief Financial Officer of the Company. Ooi Teik Huat was appointed as the Chief Financial Officer of the Company on 18 May 2022 and subsequently appointed to the Board on 13 January 2023 as an Executive Director. He is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA) and has over 30 years of experience in audit and finance-related roles.

In addition, Ooi Teik Huat will be supported by Chua Boon Pin and Lim Eng Poh, the key management personnel identified by the Group who will be responsible for overseeing the day-to-day operations of the Industrial Property Business. Both of their profiles are set out below.

(i) **Chua Boon Pin**

Chua Boon Pin, Malaysian, aged 71, is the Project Manager. He graduated from National Chen Kung University, Taiwan with a Bachelor of Science in Hydraulic Engineering in 1979. He had obtained a Master of Project Management from Open University Malaysia in 2019 and is currently pursuing a PhD of Project Management at the International University of Malaya-Wales.

Upon his graduation in 1979, Chua Boon Pin began his career with Shand Construction Sdn Bhd as a Site Engineer. In 1983, he joined Cemboard (M) Sdn Bhd as a Sales Engineer and was subsequently promoted to Sales and Marketing Manager in 1985. In 1991, he left Cemboard (M) Sdn Bhd and joined Satujaya Sdn Bhd as a Project Director until 1993, where he resigned and joined ShangMa Corporation Sdn Bhd as a Project Director from 1994 to 2006.

In 2007, Chua Boon Pin founded Solaris Selatan Sdn Bhd, a company involved in the import and export of frozen seafood, canned seafood and other food products until 2016 when the company ceased operations.

In 2017, he decided to further his studies by pursuing a Master of Project Management from Open University Malaysia for a period of 2 years until 2019. Subsequently, he decided to pursue a PhD of Project Management at the International University of Malaya-Wales from 2019 until now.

He joined Industrial Estate Developer Sdn Bhd as a Senior Project Manager in November 2022 where he was responsible for the supervision of construction of factories.

Through Chua Boon Pin's experience in the property development sector, he was involved in the infrastructure works of factories as well as residential and industrial development projects where he oversaw the overall execution and completion of such projects. Below are some of the key projects which he was involved in:

Project / Location	Type of project	Period of involvement	Estimated gross development value (RM'000)
Manufacturing plant / Shah Alam	Steel structure factory	April 1991 – September 1991	6,800
Paper cup factory / Subang Hi Tech Industrial Park	Steel structure factory	August 1991 – February 1993	4,000
Light industrial development / Johor Bahru	60 units of light industrial factories	March 1992 – October 1993	10,600
Electronics factory / Subang Hi Tech Industrial Park	Steel structure factory	June 1992 – October 1992	6,300
Electronics factory / Muar	Steel structure factory	November 1992 – December 1993	6,000
Manufacturing plant / Klang	Steel structure factory	November 2022 – June 2023	10,000
Manufacturing plant / Penang	Steel structure factory	November 2022 – August 2023	1,500

In all of the above-mentioned projects, he acted as a Project Director / Senior Project Manager where he was responsible for the overall planning and implementation of the entire construction project, including documentation of contracts, liaising with clients, consultants, local authorities and management of subcontractors.

(ii) Lim Eng Poh

Lim Eng Poh, Malaysian, aged 32, is the Business Development Manager. He graduated from HELP International College of Technology with a Diploma in Business Studies in 2011.

He began his career with Trans-Coastal Lines Sdn Bhd as an Operations and Trade Assistant in 2011 where he liaised with business associates and overseas agents for market intelligence. In 2014, he joined Hiap Teck Hardware Sdn Bhd as a Sales Executive and in 2016 he resigned from his position and joined Melewar Steel Tube Sdn Bhd from 2016 to 2021 where he effectively implemented sales strategies, monitored market information, and oversaw the entire sales process for the southern region of Malaysia, spanning from Negeri Sembilan to Johor Bahru and even extending to Singapore. From 2021 to 2022, he joined Era Steel & Solutions Sdn Bhd as Sales Manager where he was responsible for managing project sales involving contractors, steel fabricators and end users.

In early 2022, he joined Kapar E Park Management Sdn Bhd, a company principally engaged in real estate management consultancy activities as a Business Development Manager where he was responsible for overseeing project management on 1 ongoing industrial development project in Selangor with an estimated gross development value of approximately RM185.06 million. In addition, he was also involved in providing marketing support services in relation to industrial land transactions in Selangor which included handling sales documentation, liaising with project consultants and relevant authorities as well as assisting the potential buyers on the planning for future projects to be developed on the lands he promoted.

Moving forward, upon the successful establishment of the Industrial Property Business, the Board intends to appoint additional personnel to assist the aforesaid key management personnel to manage the Industrial Property Business. The recruitment plan will depend on the size and requirements of the future development projects to be undertaken by the Group and the availability of suitable candidates.

5. RATIONALE FOR THE PROPOSALS

The Group has been looking for new strategic business opportunities to diversify its revenue streams. This is intended to mitigate the risk of overdependence on its existing core business which is subject to fluctuations in ship charter rates that are beyond the Group's control.

Historically, the core income stream of the Group was derived from the provision of freight services for charters. A summary of the key financial information of the Group for the past 4 financial years from 2019 to 2022 and the latest unaudited quarterly results for the 6-month FPE 30 June 2023 are as follows:

	Audited				Unaudited	
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	6-month FPE 30 June 2022	6-month FPE 30 June 2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	257,993	175,986	207,044	154,779	78,648	68,052
Operating profit / (loss)	32,001	(3,592)	93,010	47,747	25,797	14,235
Profit before tax / (Loss before tax)	(6,099)	(20,679)	195,381	93,294	69,545	4,415
Profit after tax / (Loss after tax)	(7,314)	(20,781)	195,245	93,181	69,510	3,824
No. of vessels (at end of year / period)	14	10	5	4	4	2
Total tonnage in deadweight tonnage (at end of year / period) (metric tonnes '000)	795	555	340	258	258	167
Daily time charter equivalent rate (USD)	10,010	8,676	18,092	18,886	18,897	15,874

As shown above, the Group suffered losses in the FYE 2019 and the FYE 2020. However, in FYE 2021 the Group managed a turnaround despite the reduction in the Group's fleet size from 14 vessels to 5 vessels. This was mainly due to freight rates surging to the highest in a decade as the resumption of global economic activities after the Covid-19 pandemic led to an increase in dry bulk commodity demand. Besides the stimulus driven demand, supply chain bottlenecks caused by Covid-19 port restrictions in conjunction with the pandemic-related delays and congestion have continued to support earnings in the dry bulk market.

In line with the above, the average daily time charter equivalent rates had increased from USD8,676 for the FYE 2020 to a high of USD18,886 for the FYE 2022.

Towards the end of FYE 2022, the dry bulk market started going on a downward trend due to seasonal factors and easing congestion. Dry bulk commodity demand had also decreased due to weaker macroeconomic conditions, geopolitical tension as well as inflationary pressures.

During 2023, the downward trend continued and the average daily time charter equivalent rate has reduced by approximately 15.95% to USD15,874 in the 6-month FPE 30 June 2023. The Group's revenue decreased by RM10.60 million or 13.47% (6-month FPE 30 June 2021: RM78.65 million) mainly due to the Group operating a smaller fleet size as compared to the corresponding preceding financial period. The Group's operating profit declined by RM11.56 million or 44.82% to RM14.24 million mainly due to decline in revenue above.

As at the LPD, the Group operates 1 bulk carrier, namely Alam Kuasa. The Group had on 16 October 2023 completed the disposal of Alam Kekal, while Alam Kuasa is currently performing a long-term charter from 2019 to 2031 to a third-party for the transport of coal.

In addition, on 30 January 2023, the Group had completed the acquisition of 100% equity interest in EMTS. EMTS is an end-to-end racking systems, logistic storage and retail display solutions provider, offering consultancy services, warehouse system design, supply of metal shelving solutions and installation works to both local and international clients.

Following a strategic review of the Group's future direction, MBC intends to diversify the existing business of the Group to include the Industrial Property Business in view of amongst others, the favourable outlook and prospects of the industrial property market in Malaysia and in Selangor as highlighted in Section 6.2, Part A of this Circular. The Proposed Diversification will enable the Group to take advantage and ride on the favourable prospects of this sector of the property market.

The Group had identified the Development Project to be developed on the Land to be the maiden industrial property development project of the Group. The Group had also decided to undertake the Development Project as a 60:40 joint venture together with GVVSB, in order to share the costs and business risk inherent in the project. In addition, this joint venture allows the Group to tap into GVVSB's knowledge in industrial property development where Dato' Goh, being the director and shareholder of GVVSB, has over 25 years of experience and technical knowledge in the development of industrial properties. Below are some of the key projects which he was involved in:

Project / Location	Type of project	Period of involvement	Estimated gross development value (RM'000)
Commercial development / Penang	67 shop lots	1994 – 1999	27,230
Light industrial development / Penang	51 light industrial factories	1994 – 1999	14,330
Medium industrial development / Selangor	13 factories	2022 – Ongoing	220,000

Based on the Company's internal feasibility study on the preliminary conceptual plan of the Development Project including the expected ROI and ROE as highlighted in Section 3.1, Part A of this Circular as well as the market study conducted by Laureicap, the Group expects the Development Project to contribute positively to the future earnings of the Group through rental income to be derived as well as the potential capital appreciation of the Development Project in the future.

Further to the above, the Group is undertaking the Proposed Acquisition, Proposed Joint Venture and Proposed Diversification in conjunction with each other to facilitate the Group's venture into the Industrial Property Business and to undertake the Development Project.

Barring any unforeseen circumstances and premised on the above, the Board believes that the Proposals will contribute positively to the Group's future earnings.

6. INDUSTRY OVERVIEW AND PROSPECTS

6.1 Malaysian economy

The Malaysian economy expanded moderately in the second quarter of 2023 (2.9%; 1Q 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. Growth during the quarter was also affected by the high base effect in the second quarter of 2022 when the economy experienced strong growth from reopening effects and policy measures. On the supply side, the services and construction sectors continued to support growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities.

For the second half of 2023, both headline and core inflation are projected to trend lower within expectations, partly due to the higher base in the corresponding period last year. Nonetheless, risks to the inflation outlook are subject to the changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

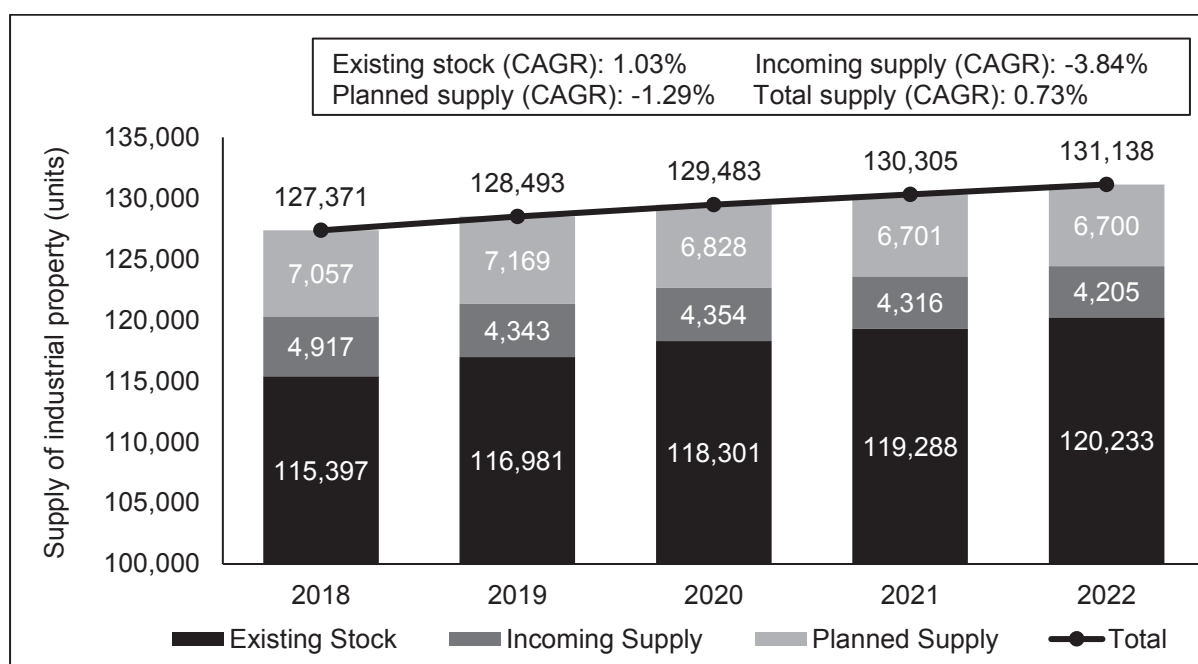
(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2023, Bank Negara Malaysia)

6.2 Outlook of the industrial property market in Malaysia and Selangor

Industrial property is a type of property that is used to house industrial-related activities such as manufacturing, production, processing and storage of goods and products. Examples of industrial properties include factories and warehouses. These industrial properties are in demand from businesses that require industrial space for their operational activities, including businesses in the manufacturing, construction, logistics and transportation as well as trading sectors. The demand for industrial properties is driven by positive economic development which corresponds to increasing business and industrial activities.

From 2018 to 2022, the total supply of industrial properties in Malaysia increased from 127,371 units to 131,138 units at a compound annual growth rate (“**CAGR**”) of 0.73%. Notwithstanding the increase in total supply, the overall development of industrial properties has slowed down over the years, as witnessed by decreasing incoming supply and planned supply which registered negative CAGRs of 3.84% and 1.29% respectively from 2018 to 2022.

Supply of industrial properties (Malaysia), 2018 – 2022



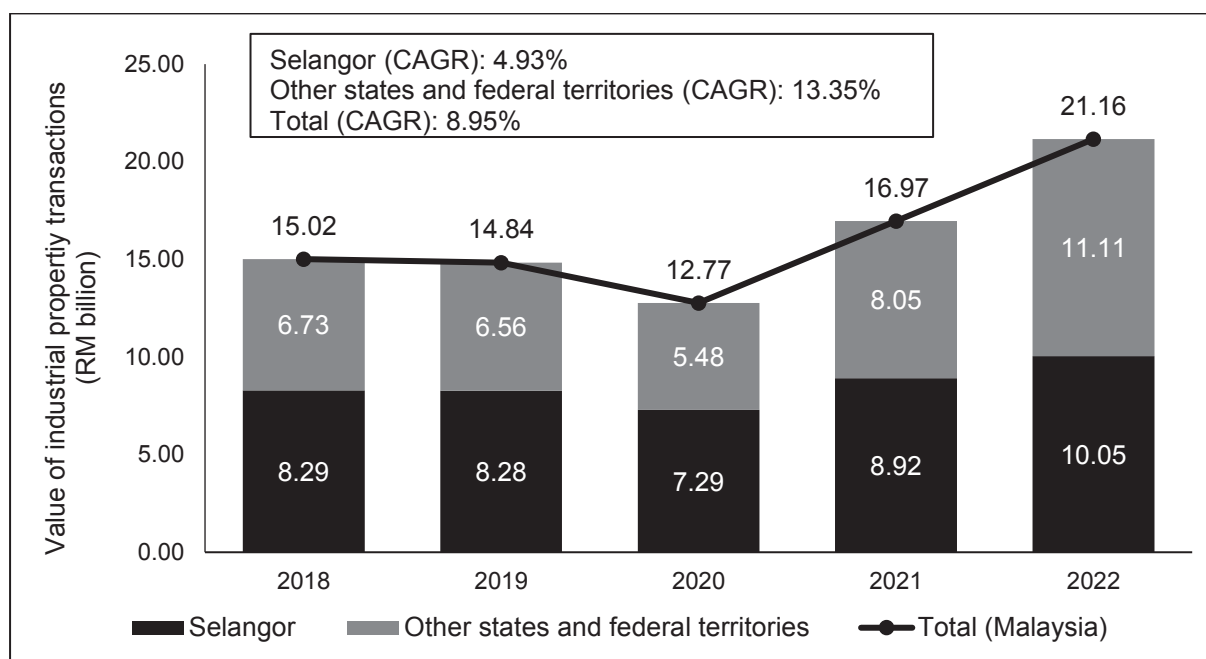
Industrial properties are mostly built in key economic zones in Malaysia such as Selangor in the central region, Johor in the southern region and Penang in the northern region. This is attributed to the well-developed infrastructure and the accessibility to major federal ports of these states. In 2022, out of the total supply of 131,138 units of industrial properties in Malaysia, 44,988 units (34.31%) were located in Selangor.

From 2018 to 2022, the number of overhang industrial units in Malaysia decreased at a CAGR of 7.13% from 1,183 units to 880 units. In 2022, Selangor ranked fifth amongst other states and federal territories that recorded the lowest number of overhang units with only 45 overhang units. Out of the total 45 overhang industrial units in Selangor, semi-detached factories and terrace factories accounted for 68.89% and 31.11% respectively.

The demand for industrial properties in Malaysia is represented by the value of industrial property transactions. The total value of industrial property transactions in Malaysia increased from RM15.02 billion in 2018 to RM21.16 billion in 2022, at a CAGR of 8.95%. In 2020, the total value of industrial property transactions declined at a year-on-year ("YOY") of 13.95% due to the Covid-19 pandemic which had impacted many economic activities. The Covid-19 pandemic had led to disruptions to many businesses, causing business owners to be more prudent in their investment and business expansion strategies, thus leading to the reduction in the total value of industrial property transactions. The decline was also due to the implementation of movement restrictions and standard operating procedures which led to factory visit restrictions with agents, and also land office closures which led to a slowdown in the property acquisition process. The decline in the total value of industrial properties in 2020 was in line with the overall decline in the property market, which recorded a YOY decline of 15.79% in value of transactions.

Nevertheless, the total value of industrial property transactions in 2021 registered a strong YOY growth of 32.89% while the impact from the Covid-19 pandemic persisted. In 2022, as all business and economic activities have been allowed to operate as usual following the transition into the 'endemic phase', the industrial property market in Malaysia continued its growth momentum with the total value of industrial property transactions growing at a YOY of 24.69% to RM21.16 billion.

Value of industrial property transactions (Malaysia, Selangor and other states and federal territories), 2018 – 2022



The total value of industrial property transactions in Malaysia between 2018 and 2022 was dominated by transactions in Selangor. This was due to Selangor being the key economic zone in Malaysia that is favourable for businesses to establish and/or expand their facilities.

From 2018 to 2022, the total value of industrial property transactions in Selangor increased from RM8.29 billion to RM10.05 billion, at a CAGR of 4.93%. Due to the Covid-19 pandemic in Malaysia, Selangor's total value of industrial property transactions declined by 11.96% in 2020. Nevertheless, in 2021 and 2022, the value of industrial property transactions in Selangor recorded positive YOY growth of 22.36% and 12.67% respectively. This may be partly attributed to the introduction of attractive tax incentives by the Government to attract foreign companies to relocate their operations to Malaysia. Such incentives include tax incentives for new capital investments in the manufacturing industry as well as special reinvestment allowance for manufacturing companies from year assessment of 2020 to year assessment of 2024.

Further, the on-going effects of the United States – China trade war has led to some multinational companies diverting their expansion to countries in Southeast Asia, which includes Malaysia, from their original expansion plans in China. With Selangor's strategic location and well-developed infrastructure, it is poised to benefit from these events, which led to the increase in value of industrial property transactions in 2020 and 2021 amidst the Covid-19 pandemic.

Moving forward, the overall demand for industrial properties in Malaysia is dependent on the recovery of economic conditions including the recovery and future growth of the manufacturing sector, growth in e-commerce activities, the development of infrastructure that supports economic activities and the Government's economic plans to drive industrial activities.

The demand for industrial property in Malaysia and Selangor will be driven by the following:

- **Growth of Malaysia's overall economic conditions, including the recovery and future growth of the manufacturing sector, will lead to increasing demand for industrial properties**

From 2018 to 2022, Malaysia's economy, measured by total GDP, increased from RM1.36 trillion to RM1.51 trillion at a CAGR of 2.60%. The manufacturing sector was the second largest contributor to Malaysia's total GDP from 2018 to 2022, after the service sector. The GDP from the manufacturing sector grew from RM304.84 billion to RM364.13 billion during the same period at a CAGR of 4.54%.

To support the manufacturing sector, the Government has introduced several tax incentives for specific sectors through the Budget 2023, including Syarikat Jaminan Pembiayaan Perniagaan (SJPP) which provides guarantees up to RM20 billion in small and medium-sized enterprise loans where key sectors such as high technology, agriculture, and manufacturing are provided with Government guarantee up to 90%; and tax incentives for manufacturers of electric vehicle charging equipment. Further, the Government also extended the validity of the tax incentive for aerospace industry from the initial validity date of 31 December 2022 to 31 December 2025. As for the tax incentive for manufacturing and services companies which incur qualifying capital expenditure on automation equipment, the initial validity date of 31 December 2023 has been extended to 31 December 2027, while the scope of automation has been expanded to cover adaption of Industry 4.0 elements and the scope of tax incentive has also been expanded to cover the agriculture sector. Further, the capital expenditure threshold has also been increased from up to RM4 million to up to RM10 million. These initiatives are expected to encourage further investments in the manufacturing sector in Malaysia, which may stimulate the demand for industrial properties.

Through the Budget 2024, the Government has introduced several initiatives that would benefit manufacturing sector such as the provision of RM8 billion of financing facilities under Bank Negara Malaysia ("**BNM**") to support small and medium enterprises ("**SMEs**"), of which RM600 million will be allocated to support micro-enterprises and low-income entrepreneurs, small contractors, as well as for the application of sustainability practices and food security-related sectors. Further, the Government proposes to continue the SJPP incentive by providing guarantee of up to 80% of SME entrepreneurs' loans, especially to those involved in the green economy, technology, and halal fields, with up to RM20 million of guarantee available to SMEs. In addition, the Government also proposes to provide RM900 million under a BNM fund to encourage SMEs to increase productivity levels through automation and digitalisation.

Several funds have also been allocated as SME financing facilities via Malaysia Industrial Development Finance (MIDF) Berhad for manufacturing and manufacturing related services such as the Soft Financing Scheme for Automation and Modernisation Scheme (fund size: RM126 million), Aerospace and Electrical and Electronics (E&E) Industry Investment Fund (fund size: RM75 million) and Soft Financing Scheme for SMEs (fund size: RM51 million). All of these initiatives proposed under the Budget 2024 are aimed to drive the growth of the economy and the manufacturing sector, which would potentially benefit the industrial property market in Malaysia.

Under Budget 2024, Malaysia's GDP is expected to grow within the range of 4.00% to 5.00% in 2024, driven by domestic demand which are supported by measures in the new National Energy Transition Roadmap, New Industrial Master Plan 2030 and the Mid-Term Review of the Twelfth Malaysia Plan. Further, the GDP from the manufacturing sector is projected to increase by 4.16% in 2024. Improved economic conditions and the anticipated growth in the manufacturing sector are expected to boost the recovery and growth of business and industrial activities, thereby driving the recovery of the industrial property market in Malaysia.

- **The growth in the e-commerce industry boosts the demand for logistics services which subsequently drives the demand for industrial properties**

The e-commerce industry in Malaysia, measured in terms of online retail sales value, increased from RM9.83 billion in 2018 to RM37.89 billion in 2022 at a CAGR of 40.05%. Further, the percentage of e-commerce sales over total retail sales in Malaysia also grew during the same period, from 1.97% in 2018 to 5.73% in 2022. Moving forward, as consumers continue adopting online shopping despite the subsidence of the Covid-19 pandemic, the e-commerce industry in Malaysia is expected to continue to thrive.

In e-commerce, logistics services play an essential role to ensure proper product handling and storage, and timely delivery of products to customers. With the growth in e-commerce activities, businesses in the logistics industry strive to expand their operational and storage capacity to cater to the increasing demand for their services. As such, these businesses may secure industrial properties to support their rapid business expansion, thereby driving the industry property market in Malaysia.

- **Well-developed infrastructure drives the demand for local industrial properties**

In addition to economic growth, demand for industrial properties are also significantly affected by infrastructure and transportation enhancements. Peninsular Malaysia has an established and well-maintained network of highways connecting major growth centres to seaports and airports, providing efficient means of transportation of goods for businesses. Malaysia has a total of 14 seaports and 29 airports, which handle incoming and outgoing containers and cargo. These ports are located near major cities to facilitate international trade.

Selangor, being the key economic zone in Malaysia, continues to be an attractive investment destination due to the following factors:

- **Established land transportation network** – Selangor is connected to the North-South Expressway and the national railway network operated by Keretapi Tanah Melayu Berhad. There are also developed highways such as Federal Highway, Shah Alam Expressway, New Klang Valley Expressway, Maju Expressway, Sungai Besi-Ulu Klang Elevated Expressway, Duta-Ulu Kelang Expressway, Damansara-Puchong Expressway and Rawang-Serendah Highway.
- **Easy accessibility to major seaports and airports** – The principal port of Malaysia, Port Klang is located in Selangor. It has a total handling capacity of 19.60 million twenty-foot equivalent units and has trade connections with over 120 countries and dealings with more than 500 ports around the world. Apart from seaports, Kuala Lumpur International Airport (KLIA) is located in Sepang, Selangor. This connectivity via air travel well-positions Selangor to welcome foreign investors and businesses to establish manufacturing facilities.

- **Strategic location** – Malaysia is located at the centre of Southeast Asia, with Peninsular Malaysia located between the Straits of Malacca and South China Sea. Selangor is located on the west coast of Peninsular Malaysia and has direct access to the Straits of Malacca for shipment of goods which may drive other foreign players within related value chains to set up or expand their facilities.

(Source: IMR Report)

6.3 Prospects of the Development Project

The Land is located within the growing township of Kapar which is north of Klang and on the west of Petaling. In its surrounding vicinity, there are various roadway networks that are aimed at enhancing connectivity to major cities such as Kuala Lumpur and Petaling as follows:

- (i) the completion of the interchange of the West Coast Expressway at Bandar Bukit Raja; and
- (ii) the expected completion of the full West Coast Expressway which is anticipated to be by 2025.

Accessibility to Kapar is also expected to be further enhanced via the future construction of the ECRL which is expected to have a station in Kapar. The ECRL is a forthcoming railway link infrastructure project connecting Port Klang on the Straits of Malacca to Kota Bharu in northeast Peninsular Malaysia which is expected to be completed by 2027, connecting the East Coast Economic Region states of Pahang, Terengganu and Kelantan to one another, and to the Central Region of the Peninsula's west coast. The railway link infrastructure project would carry both passengers and freight from the West Coast of Peninsular Malaysia to its East Coast and vice versa. This railway link is foreseen to not only improve connectivity between states in the East Coast and West Coast but also provide business opportunities to freight companies, which aligns with the attributes offered by the Development Project.

Enhanced by support from the existing and forthcoming public transportation services such as buses and the ECRL, industrial property demand in Kapar had increased which has in turn indirectly encouraged the expansion of outskirts city development in the vicinity. Therefore, Kapar is expected to emerge as one of the townships desirable for both residential living and investment opportunities. An industrial scheme in Kapar is expected to attract and draw in business owners and/or occupants to Kapar.

Given the township's connectivity, growth of population, increased support in the manufacturing and trading sector coupled with limited supply of industrial schemes in the immediate vicinity, the Development Project is well-positioned to capitalise on the expected future growth of the Kapar area.

(Source: Market Study Report)

6.4 Prospects and future plans of the Group

As at the LPD, the Group is principally engaged in the business of ownership and operation of vessels as well as ship management. On 30 January 2023, the Group completed the acquisition of 100% equity interest in EMTS which is an end-to-end racking systems, logistics storage and retail display solutions provider. Following this acquisition, the Group generates revenue from operating dry bulk carriers as well as from its ownership of EMTS' business.

Moving forward, the Group expects the dry bulk charter rates to be lower as compared to FYE 2022 as congestion has eased to pre-pandemic levels coupled with high levels of domestic coal production in China that will limit demand for dry bulk shipping of coal as China reduces its imports.

As part of its efforts to mitigate the risk of overdependence on its existing core business which is subject to fluctuations in dry bulk charter rates that are beyond the Group's control, the Group has in recent years carried out an asset optimisation strategy to minimise vessel downtime by operating a smaller fleet of vessels as well as improve operational efficiency and cost management by selling older, less fuel efficient vessels. In addition, the Group had on 30 August 2023 entered into a Memorandum of Agreement with Tokyo Century Corporation for the disposal of Alam Kekal, for a cash consideration of JPY4,330,000,000 (equivalent to approximately RM140.06 million) pursuant to the shareholders' mandate obtained at an EGM held on 31 July 2023. The disposal of Alam Kekal was completed on 16 October 2023.

In order to minimise the risk arising from fluctuations in dry bulk charter rates, the Group's remaining bulk carrier, Alam Kuasa, is performing a long-term charter from 2019 to 2031 to a third-party for the transport of coal. Moving forward, the Group will maintain its existing core business of the ownership and operation of vessels and ship management and continue to operate Alam Kuasa but does not have any intention of increasing its fleet size in the near future.

The Group therefore intends to diversify into the Industrial Property Business in view of the favourable outlook and prospects of the industrial property industry in Klang Valley as set out in Section 6.2, Part A of this Circular. The Development Project is expected to generate income to the Group upon its completion, which is expected to be by the 2nd quarter of 2025.

Further details of the Proposed Acquisition, Proposed Joint Venture and Proposed Diversification are set out in Sections 2, 3 and 4, Part A of this Circular respectively.

The Company also views the Development Project as synergistic with its existing business as it provides the Group with opportunities to cross-sell EMTS' products such as industrial racking and storage solutions to tenants who decides to rent the warehouses from the Group. For example, the Group expects to offer custom-designed racking systems to its potential tenants which takes advantage of the latest developments in the storage solutions industry such as fully or partially-automated pallet storage and retrieval systems.

Such systems will enable the tenants of the Development Project to utilise automation and artificial intelligence for the operation of their logistics facilities which is expected to reduce instances of human error and maximise the space utilised. As part of this cross-selling initiative and depending on the wishes of the tenants, EMTS can fabricate and may either sell or lease such systems to the tenants for recurring income.

Premised on the above as well as the overview and outlook and prospects of the industrial property industry as set out in Section 6.2, Part A of this Circular, the Board is optimistic of the future prospects of the Group moving forward.

(Source: Management of MBC)

7. RISK FACTORS

7.1 Risks relating to the Proposed Acquisition

(i) Non-completion of the Proposed Acquisition

The completion of the Proposed Acquisition is conditional upon the fulfilment of the SPA Conditions Precedent. There can be no assurance that the fulfilment of the SPA Conditions Precedent will be satisfied, waived or obtained, as the case may be, within the stipulated timeframe or that any of the termination events will not occur. Any delay in the fulfilment of the SPA Conditions Precedent may lead to a delay in the completion and/or termination of the Proposed Acquisition. If the Proposed Acquisition is terminated, the potential benefits arising from the Proposed Acquisition will not be realised.

The Group will take all necessary and reasonable efforts to ensure that the SPA Conditions Precedent are fulfilled and/or waived within the stipulated timeframe as well as take steps to mitigate the occurrence of termination events in order to complete the Proposed Acquisition in a timely manner.

(ii) Compulsory acquisition by the Government

Pursuant the Land Acquisition Act 1960 (“**LA 1960**”), the relevant state authority has the power to compulsorily acquire any land within the jurisdiction of such relevant state authority in Malaysia in accordance with the aforesaid LA 1960. In the event of any compulsory acquisition of the Land or any part thereof, the amount of compensation to be awarded will be determined on the basis prescribed in the LA 1960 and other relevant laws. If all or any portion of the Land is compulsorily acquired by the relevant state authority at any point in time, the amount of such compensation may be less than the Purchase Consideration.

In the event of any compulsory acquisition of the Land or any part thereof, the Group may seek to minimise any potential losses from such transactions by invoking the relevant provisions in the LA 1960 in relation to its rights to submit an objection in respect of the amount of compensation, where necessary.

Upon receipt of any further Compulsory Acquisition notice other than that set out in Section 2.1, Part A of this Circular, MBC Logistic Hub shall have the right to terminate the SPA.

7.2 Risks relating to the Proposed Joint Venture

(i) Non-completion of the Proposed Joint Venture

The completion of the SSA is subject to fulfilment of the SSA Conditions Precedent and other obligations of both parties set forth in the SSA. In the event of default by either party, the counterparty has the right to terminate the SSA. If the SSA is terminated, the Proposed Joint Venture will be aborted and the potential benefits arising from the Proposed Joint Venture i.e. the Development Project will not materialise.

Nevertheless, the Company will endeavour to take all reasonable steps to ensure the fulfilment of its obligations for the purpose of completing the SSA.

(ii) Non-completion or delay in the Development Project

The timely completion of the Development Project is critical for the Proposed Joint Venture. Any delay in the completion of the Development Project could result from factors which are beyond the control of MBC or GVVS, such as a

delay in obtaining approvals/permits necessary for the Development Project, shortage of raw materials and labour, adverse weather conditions and other unforeseen circumstances. If the Development Project does not complete in a timely manner, the Group may be unable to realise the expected return on investment and return on equity from the Development Project as set out in Section 3.1, Part A of this Circular.

The Group seeks to mitigate this risk by managing and closely monitoring the progress of the Development Project. Nevertheless, there is no assurance that the efforts to be undertaken by the Group will prevent any delays in the completion of the Development Project.

7.3 Risks relating to the Proposed Diversification

(i) Dependence on its key personnel

The operations of the Industrial Property Business will depend significantly on the experience and expertise of Ooi Teik Huat, Chua Boon Pin and Lim Eng Poh, the key management personnel identified by the Group who will be responsible for overseeing the day-to-day operations of the Industrial Property Business as set out in Section 4, Part A of this Circular.

The loss of key personnel without suitable and timely replacements may have an adverse impact on the Industrial Property Business. To mitigate the risk, the Group will continuously adopt appropriate measures such as offering competitive remuneration packages to retain the continued employment of key personnel as well as to continuously identify and recruit experienced staff to supplement the existing key personnel.

(ii) Risk of property overhang

The Group's Industrial Property Business may face the risk of property overhang, commonly caused by over-supply and low demand for properties and other factors such as economic downturns and unfavourable financial conditions. There may be a possibility of property overhang at the time of completion of its development projects in the future. This will affect the returns to be generated by the properties which the Group may acquire and/or develop in the future and in turn affect the Group's financial performance.

To mitigate the risk, the Group will closely monitor the developments in the property market as well as exercise careful planning prior to undertaking any property development projects.

Furthermore, the Development Project will fall under the category of a "green building" which would attract tenants who prioritises environmental consciousness, social responsibility, and a commitment to sustainable practices in their businesses. Nevertheless, despite the measures to be taken there can be no assurance that any property overhang situation will not have any adverse impact on MBC Group's financial performance.

(iii) Diversification risk

Following the Proposed Diversification, the Group via the new Industrial Property Business would be exposed to the property development and property investment industry and therefore to be subject to risks inherent in that industry. These include, but are not limited to, changes in the supply and demand of industrial properties, changes in the regulatory framework relating to the property market, increase in building materials or labour costs, downturns in the global, regional and/or national economies, changes in law and tax regulations, and changes in business and credit conditions.

Notwithstanding this, the Group seeks to conduct a periodic review of its business and site operations and also adopt prudent financial management as well as efficient operating procedures to limit the impact of the aforementioned risks. However, there can be no assurance that the Group may be able to successfully mitigate the various risks inherent in the property development and property investment industry. If it is unable to do so, the business operation and financial performance of the Group may be adversely affected.

(iv) Competition risk

The Industrial Property Business will face direct competition from both new entrants and existing players in the property development and property investment sector. The Group may also face disadvantages as a new entrant to this sector as it lacks the relevant track record and brand name as compared to the existing players in this sector.

To mitigate this risk and ensure that the Industrial Property Business can remain competitive in the market, the Group will seek to leverage on the experience and expertise of the key management personnel identified by the Group who will be responsible for overseeing the day-to-day operations of the Industrial Property Business as set out in Section 4, Part A of this Circular. In addition, the Group will also seek to leverage on its joint venture partner i.e. GVVSB whereby Dato' Goh, being the director and shareholder of GVVSB, has over 25 years of experience and technical knowledge in the development of industrial properties.

(v) Financing risk

In view that the Group intends to obtain bank borrowings to fund a portion of the Purchase Consideration and Development Project as well as any future property projects to be undertaken, the Group would be required to incur additional interest expense arising from the drawdown of such bank borrowings.

In view that the interest expense charged on bank borrowings are subject to the prevailing interest rate, the Group may potentially be exposed to interest rate fluctuations which may significantly increase the costs of the Development Project as well as any future projects to be undertaken. In turn, this may affect the Group's cash flows as well as profitability. To mitigate this risk, the Group will actively review its debt portfolio taking into consideration the level and nature of borrowings and seek to adopt cost effective financing actions. However, there can be no assurance that these measures will be able to sufficiently shield the Group from any material adverse impact arising from adverse changes in interest rates.

8. EFFECTS OF THE PROPOSALS

8.1 Issued share capital and substantial Shareholders' shareholdings

The Proposals will not have any effect on the issued share capital of the Company and the substantial Shareholders' shareholdings as the Proposals do not involve any issuance of new Shares.

8.2 NA and gearing

The Proposals will not have any material effect on the NA of the Group. However, the future profit contribution arising from the Proposals, such as the expected returns from the Development Project as described in Section 3.1, Part A of this Circular is expected to have a positive impact on the future NA of the Group.

The Proposals may result in an increase in the gearing of the Group arising from the bank borrowings to be obtained by MBC Logistic Hub to fund part of the Purchase Consideration and Development Project. Nevertheless, the actual increase in the gearing level will depend on the actual quantum of bank borrowings obtained by MBC Logistic Hub for this purpose.

For illustration purposes only, the pro forma effects of the Proposals and disposal of Alam Kekal on the NA, NA per Share and gearing of the Group based on the audited consolidated financial statements as at 31 December 2022 on the assumption that the disposal of Alam Kekal, the Proposed Acquisition and Development Project had been effected/completed on that date is as follows:

	(I) Audited as at 31 December 2022	(I) After the disposal of Alam Kekal	(II) After (I) and the Proposed Acquisition	(III) After (II) and assuming the completion of the Development Project
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	338,791	338,791	338,791	338,791
Foreign currency translation reserve	143,778	143,778	143,778	143,778
Retained earnings	4,483	(1)28,086	(2)27,236	27,236
Shareholders funds / NA	487,052	510,655	509,805	509,805
No. of shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
NA per share (RM)	0.49	0.51	0.51	0.51
Total borrowings (RM'000)	33,111	33,111	(2)165,111	(3)295,641
Gearing (times)	0.07	0.06	0.32	0.58

Notes:

- (1) After taking into consideration the net gain from the disposal of Alam Kekal of approximately RM23.60 million as further illustrated in Section 8.3 below.
- (2) After taking into consideration the estimated expenses for the Proposals of approximately RM0.85 million and assuming 80% of the Purchase Consideration amounting to approximately RM132.00 million is funded via bank borrowings to be obtained by MBC Logistic Hub.
- (3) Assuming 80% of the GDC of the Development Project amounting to approximately RM130.53 million is funded via bank borrowings to be obtained by MBC Logistic Hub.

8.3 Earnings & EPS

The Proposals are not expected to have any material effect on the earnings and EPS of the Group for the current FYE 2023.

Nevertheless, barring any unforeseen circumstances, the Proposals are expected to contribute positively to the future earnings and EPS of the Group as and when the Development Project is completed and the Group secures tenants for the developed properties.

For illustration purposes, assuming the Proposals and disposal of Alam Kekal had been effected at the beginning of FYE 2022, the proforma effects on the EPS of MBC Group for the FYE 2022 are set out below:

	Audited as at 31 December 2022	(I) After the disposal of Alam Kekal⁽¹⁾	(II) After (I) and the Proposals⁽²⁾
Profit after tax (RM'000)	93,181	116,784	115,934
No. of shares in issue ('000)	1,000,000	1,000,000	1,000,000
Proforma EPS (sen)	9.32	11.68	11.59

Notes:

(1) The proforma effects from the disposal of Alam Kekal is derived as follows:

	RM'000
Profit after tax for the FYE 2022	93,181
Add: Net gain from disposal of Alam Kekal	23,603
Proforma profit after tax	116,784
No. of shares in issue ('000)	1,000,000
Pro forma EPS (sen)	11.68

(2) The proforma effects after the disposal of Alam Kekal and the Proposals is computed after deducting the estimated expenses in relation to the Proposals of approximately RM0.85 million.

Shareholders should take note however that the above illustration does not include the future rental income expected to be generated from the Development Project.

8.4 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

9. APPROVALS REQUIRED AND CONDITIONALITY

9.1 Approvals required

The Proposals are subject to approvals and/or consents being obtained from the following:

- (i) Shareholders at the forthcoming EGM; and
- (ii) any other relevant authorities and/or parties, if required.

9.2 Conditionality

The Proposed Acquisition, Proposed Joint Venture and Proposed Diversification are inter-conditional upon each other.

Save for the above, the Proposals are not conditional upon any other corporate exercise / scheme being undertaken or proposed to be undertaken by the Company.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 33.88%, based on the Purchase Consideration incurred as compared to the latest audited NA of the Company of RM487.05 million as at 31 December 2022.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, (being the subject matter of this Circular), there are no other corporate exercises which have been announced by the Company but are pending completion as at the LPD.

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

Dato' Goh is the Group Managing Director and a Major Shareholder of MBC, holding approximately 32% equity interest in MBC and Dato' Goh is also the director and major shareholder of KLSB and GVVSB.

Pursuant to Paragraph 10.08 of the Listing Requirements, the Proposed Acquisition and Proposed Joint Venture are deemed as related party transactions by virtue of the interests of Dato' Goh as mentioned above. By virtue of the inter-conditionality between the Proposals, Dato' Goh is therefore also deemed interested in the Proposed Diversification. Lin JunLiang, Troy, being the Executive Director cum Chief Investment Officer of MBC is also deemed interested in the Proposals as he is the son-in-law of Dato' Goh.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company pertaining to the Proposals.

The Interested Directors and Interested Major Shareholder will also abstain and will undertake to ensure that persons connected with them (if any) will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

The shareholdings of the Interested Directors and the Interested Major Shareholder in MBC as at the LPD are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Goh	320,000,000	32.00	-	-
Lin JunLiang, Troy		-	-	-

Save as disclosed above, none of the other Directors and Major Shareholders and/or persons connected with them have any interest, direct and/or indirect, in the Proposals.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), having considered the current and prospective financial position of the Company and after careful deliberation and taking into consideration the rationale and all other aspects of the Proposals including the salient terms of the SSA and SPA as well as the views of the Independent Adviser, is of the opinion that the Proposals are in the best interests of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the non-interested Shareholders.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of MBC, after having considered all aspects of the Proposals, including the rationale and effects, is of the view that the Proposals are:

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

The Audit and Risk Management Committee of MBC has also considered the views of the Independent Adviser in forming its opinion in relation to the Proposals and has concurred with the views of the Independent Adviser.

14. INDEPENDENT ADVISER

In view of the interests of the Interested Directors as set out in Section 11, Part A of this Circular, the Proposed Acquisition and Proposed Joint Venture are deemed to be related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, BDOCC has been appointed on 29 May 2023 as the Independent Adviser for the Proposed Acquisition and Proposed Joint Venture.

For the avoidance of doubt, although the Proposed Acquisition, Proposed Joint Venture and Proposed Diversification are inter-conditional, the Proposed Diversification is not subject to the requirements under the related party transactions framework pursuant to Paragraph 10.08 of the Listing Requirements.

In respect thereto, the Independent Adviser will provide the non-interested Shareholders with an independent evaluation as to:

- (i) whether the Proposed Acquisition and Proposed Joint Venture are fair and reasonable insofar as the non-interested Shareholders are concerned;
- (ii) whether the Proposed Acquisition and Proposed Joint Venture are detrimental to the non-interested Shareholders; and
- (iii) their recommendation, subject to the scope and limitations of its role specified in the IAL, on whether the non-interested Shareholders should vote in favour of or against the resolutions pertaining to the Proposed Acquisition and Proposed Joint Venture to be tabled at the Company's forthcoming EGM.

The IAL from BDOCC is set out in Part B of this Circular. Shareholders should read the contents of this Circular (including the IAL) carefully before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

15. TRANSACTIONS WITH THE INTERESTED PARTIES IN THE PAST 12 MONTHS

Save for the Proposed Acquisition and certain recurrent related party transactions as disclosed in the circular to Shareholders dated 29 April 2023, there were no other transactions entered into by the Company with the Interested Parties for the past 12 months preceding the date of this Circular.

16. TENTATIVE TIMELINE

Subject to all the relevant approvals being obtained, the Proposals are expected to be completed based on the following tentative timeline of events:

Date	Events
6 December 2023	<ul style="list-style-type: none">• EGM for the Proposals• Proposed Diversification becomes effective
4 th quarter of 2023	<ul style="list-style-type: none">• Completion of the subscription of new ordinary shares in MBC Logistic Hub by MBC and GVVSB
1 st quarter of 2024	<ul style="list-style-type: none">• Completion of the Proposed Acquisition

17. EGM

The EGM, the notice of which is enclosed with this Circular, will be conducted on a virtual basis and through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via RPEV facilities at <https://meeting.boardroomlimited.my> on Wednesday, 6 December 2023 at 11:30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions, with or without any modification, to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd or alternatively, you may lodge your Proxy Form by electronic means through Boardroom Smart Investor Portal at <https://meeting.boardroomlimited.my> or via e-mail to bsr.helpdesk@boardroomlimited.com. The completed Proxy Form must be deposited/lodged not less than forty-eight (48) hours before the date and time appointed for holding the EGM as indicated above or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

Shareholders are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

18. FURTHER INFORMATION

Shareholders are requested to refer to the IAL as set out in Part B of this Circular and the attached appendices for further information.

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

YEOH KHOON CHENG
Independent Non-Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS
OF MBC IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED JOINT
VENTURE**

EXECUTIVE SUMMARY

All definitions or defined terms used in this executive summary shall have the same meanings as defined in the “Definitions” section of the Circular, except where the context requires otherwise or as otherwise defined.

All references to “we”, “us” and “our” in this executive summary are ascribed to BDOCC, being the Independent Adviser for the Proposed Acquisition and Proposed Joint Venture.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THIS IAL. THE NON-INTERESTED SHAREHOLDERS OF MBC ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRETY, TOGETHER WITH PART A OF THE CIRCULAR AND THE APPENDICES THERETO FOR ANY OTHER RELEVANT INFORMATION, AND ARE NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSALS. YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS RELATING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

1. INTRODUCTION

On 29 August 2023, Kenanga IB had, on behalf of the Board, announced that the Company proposed to undertake the following:

- (i) Proposed Acquisition;
- (ii) Proposed Joint Venture; and
- (iii) Proposed Diversification.

The Proposed Acquisition, Proposed Joint Venture and Proposed Diversification are proposed to be undertaken concurrently.

The Proposed Acquisition and Proposed Joint Venture are deemed to be related party transactions pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder as set out in **Section 11, Part A** of the Circular.

Accordingly, BDOCC was appointed by MBC on 29 May 2023 as the Independent Adviser to advise the non-interested shareholders of MBC in relation to the fairness and reasonableness of the Proposed Acquisition and Proposed Joint Venture and whether the Proposed Acquisition and Proposed Joint Venture are detrimental to the non-interested shareholders of MBC.

It is to be noted that the Proposed Diversification is not deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. However, in view that the Proposed Acquisition and Proposed Joint Venture and the Proposed Diversification are inter-conditional, we have also provided our views in respect of the Proposed Diversification.

The purpose of this IAL is to provide the non-interested shareholders of MBC with an independent evaluation of the fairness and reasonableness of the Proposals, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

EXECUTIVE SUMMARY (CONT'D)

2. EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have taken into consideration the following:

Section in this IAL	Area of evaluation	Our evaluation						
Section 7	Rationale of the Proposals	<p>Prior to 2023, MBC Group's revenue was mainly derived from the provision of freight services for charters. The charter rates for the Dry Bulk Shipping Business are dependent upon the demand and supply of commodity items such as coal, grains, iron ore and other commodities. As a result of this, charter rates tend to be volatile and have resulted in uneven revenue and profitability recorded by the Group.</p> <p>In view that charter rates are unpredictable in nature, a sudden movement in charter rates will have a significant impact on the financial performance of MBC Group. As such, we noted that MBC intends to look for new business opportunities to mitigate the risk of overdependence on its existing Dry Bulk Shipping Business.</p> <p>In addition, MBC Group's financial position has improved significantly from FYE 2019 to 6-month FPE 30 June 2023. Based on the Group's audited FYE 2019 and unaudited 6-month FPE 30 June 2023, the Group's cash and cash equivalents have increased from RM79.48 million as at 31 December 2019 to RM196.23 million as at 30 June 2023 and the Group's gearing ratio has improved from 1.58 times as at 31 December 2019 to 0.0024 times as at 30 June 2023.</p> <p>The current cash position and debt level of MBC Group will allow the Group to explore options to acquire new assets and/or businesses. Accordingly, the Proposals represent an opportunity for the Group to diversify its revenue stream and facilitate the expansion of the Group's business.</p> <p>Based on the above, we are of the view that the rationale of the Proposals are <u>reasonable</u>.</p>						
Section 8	Evaluation of the Proposed Acquisition	<p>(a) Basis and justification of the Purchase Consideration</p> <p>In arriving at the fairness evaluation of the Purchase Consideration, we have compared the Purchase Consideration against the market value of the Land as appraised by the Independent Valuer as follows:</p> <table><tr><th>Details</th><th>RM</th></tr><tr><td>Purchase Consideration</td><td>165,000,000</td></tr><tr><td>Market value of the Land as ascribed by the Independent Valuer</td><td>165,000,000</td></tr></table> <p>Based on the table above, the Purchase Consideration of RM165.00 million is equivalent to the market value of the Land of RM165.00 million.</p> <p>As such, we are of the view that the Purchase Consideration is fair.</p>	Details	RM	Purchase Consideration	165,000,000	Market value of the Land as ascribed by the Independent Valuer	165,000,000
Details	RM							
Purchase Consideration	165,000,000							
Market value of the Land as ascribed by the Independent Valuer	165,000,000							

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Area of evaluation	Our evaluation
		<p>(b) Mode of Settlement of the Purchase Consideration</p> <p>MBC Logistic Hub intends to fund the Purchase Consideration of RM165.00 million in the following manner:</p> <ul style="list-style-type: none"> (i) Up to 80% of the Purchase Consideration amounting to RM132.00 million to be funded via bank borrowings obtained by MBC Logistic Hub; and (ii) Any balance amount of the Purchase Consideration shall be funded by MBC Logistic Hub via shareholders' advances by MBC and GVVSB in proportion to their 60:40 shareholdings in MBC Logistic Hub. <p>In the event that MBC Logistic Hub is unable to obtain bank borrowings to fund up to 80% of the Purchase Consideration, the <u>maximum amount</u> to be funded by MBC and GVVSB via shareholders' advances to MBC Logistic Hub will increase from RM33.00 million to RM165.00 million, wherein MBC and GVVSB's funding portion for the Proposed Acquisition will be RM99.00 million and RM66.00 million respectively.</p> <p>We also noted that MBC may fund its share of the Purchase Consideration either from part of the proceeds from the disposal of Alam Kekal, its internally-generated funds or its own bank borrowings. In the event that the disposal proceeds from Alam Kekal is insufficient to fund MBC's share of the Purchase Consideration, we are of the view that MBC Group is in a financial position to fund the Proposed Acquisition in view that:</p> <ul style="list-style-type: none"> (i) the Group's unaudited cash and cash equivalents as at 30 June 2023 stood at RM196.23 million and are mainly free-cash (i.e. short term deposits); (ii) the Group's unaudited borrowings and lease liabilities as at 30 June 2023 stood at RM1.25 million with a gearing ratio of 0.0024 times; and (iii) the Group has no capital commitment as at 30 June 2023. <p>Based on the above, we are of the view that the mode of settlement of the Proposed Acquisition is <u>reasonable</u>.</p> <p>(c) Salient terms of the SPA</p> <p>We are of the view that the salient terms of the SPA are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Area of evaluation	Our evaluation
Section 9	Evaluation of the Proposed Joint Venture	<p>(a) Structure of the Proposed Joint Venture</p> <p>We noted that Dato' Goh is the sole shareholder and beneficiary of GVVSB (which will be a 40% equity owner of MBC Logistic Hub upon completion of the Proposals) and KLSB (being the Vendor of the Proposed Acquisition).</p> <p>Through the Proposed Joint Venture and Proposed Acquisition, GVVSB will need to pay up to RM66.00 million to fund the Proposed Acquisition via shareholders' advances in MBC Logistic Hub and KLSB will receive RM165.00 million cash consideration from the completion of the Proposed Acquisition. Based on the net effects of this transaction and in view of Dato's Goh's interest in GVVSB and KLSB as mentioned above, Dato' Goh will receive a net cash consideration of up to RM99.00 million (i.e. RM 99 million = RM165 million – RM66 million) and at the same time owning 40% equity interest in the Land (through MBC Logistic Hub) upon completion of the Proposals.</p> <p>Through the Proposed Joint Venture, MBC Group will be able to enter the Industrial Property Business through MBC's 60% equity interest in MBC Logistic Hub. Accordingly, MBC Group will be able to share the cost of acquiring the Land with GVVSB in proportion to the shareholdings of MBC (60%) and GVVSB (40%) in MBC Logistic Hub. Without the Proposed Joint Venture, MBC Group would have to pay the full cash consideration of RM165.00 million in the event that it undertakes a direct acquisition of the Land on its own (i.e. for 100% ownership of the Land) which would require a higher cash outlay.</p> <p>MBC Logistic Hub, being a 60% owned subsidiary of MBC upon completion of the Proposals, will also be able to leverage on MBC to obtain bank borrowings in future development projects for the Industrial Property Business.</p> <p>In addition, as the Group has not been involved in any property development and/or property investment activities in the past, the Proposed Joint Venture will allow MBC to tap the experience of Dato' Goh, being the director and sole shareholder of GVVSB who has over 25 years of experience in the development of industrial properties.</p> <p>Premised on the above, we are of the view that the structure of the Proposed Joint Venture is <u>reasonable</u>.</p>

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Area of evaluation	Our evaluation
		<p>(b) Salient terms of the SSA</p> <p>We are of the view that the salient terms of the SSA are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>
Section 10	Evaluation of the Proposed Diversification	<p>As at the LPD, the Group has not been involved in the property development and/or property investment business and does not have prior experience in the past. Moving forward, the Board anticipates that the Industrial Property Business may contribute 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the NA of the Group moving forward. As such, the Company intends to seek its shareholders' approval for the Proposed Diversification.</p> <p>We note that the Proposed Diversification is in line with the Group's future plan to diversify its existing business to include Industrial Property Business, in which the Group will undertake property development and/or property investment projects as and when the opportunities arise in the future. Upon completion of the Proposals, the Industrial Property Business will become a new business segment to the Group, which is expected to generate additional income stream for the Group.</p> <p>While we note that MBC Group has since FYE 2019 downsized its dry bulk shipping fleet from 14 vessels to 1 vessels up to the LPD, we noted that the Group intends to continue with its existing business in the Dry Bulk Shipping Business and does not have any intention to increase its fleet size in the near future. As such, non-interested shareholders of MBC should take note that moving forward, the revenue contribution from Dry Bulk Shipping Business will, to a certain extent, be impacted as MBC Group will be operating with only 1 vessel (i.e. Alam Kuasa) which is currently performing a long-term charter from 2019 to 2031 to a third-party for the transport of coal.</p> <p>Upon completion of the Proposals, the Group will operate with three (3) business segments (i.e. Dry Bulk Shipping Business, EMTS Business and Industrial Property Business). Non-interested shareholders of MBC should take note that the financial performance of MBC Group moving forward will be dependent on the performance of its 3 business segments which is subject to risks and uncertainties which are not within the Group's control such as change in government policies, inflation, interest rate hikes and price fluctuation of raw materials.</p> <p>Premised on the above and after taking into consideration the industry outlook of the industrial property market in Malaysia and Selangor and the prospects of MBC Group as set out in Section 12 of this IAL, we are of the view that the Proposed Diversification is <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Area of evaluation	Our evaluation
Section 11	Effects of the Proposals	<p>The effects of the Proposals are summarised as follows:</p> <p>(i) <u>Issued share capital and substantial shareholders' shareholdings</u></p> <p>The Proposals will not have any effects on the issued share capital and substantial shareholders' shareholdings of MBC as the Proposals do not involve any issuance of new shares by MBC.</p> <p>(ii) <u>NA and gearing</u></p> <p>The Proposals will not have any immediate material effects on the NA per Share and gearing of MBC Group as it does not entail any change to the equity structure or borrowings of MBC Group. However, we noted that MBC Logistic Hub intends to fund part of the Purchase Consideration and cost of the Development Project via bank borrowings and/or shareholders' advances from MBC and GVVSB in proportion to their shareholding in MBC Logistic Hub. In the event that MBC Logistic Hub and/or MBC obtains bank borrowings for the abovementioned reasons, the gearing of the Group will increase. Nevertheless, the actual increase in the gearing level will depend on the actual quantum of bank borrowings procured by the Group.</p> <p>(iii) <u>Earnings and EPS</u></p> <p>Save for the estimated expenses in relation to the Proposals, the Proposals are not expected to have a material impact on the consolidated earnings of MBC immediately upon completion of the Proposals.</p> <p>Moving forward, the effects of the Proposals on the consolidated earnings and earnings per Share of MBC Group is dependent on the amount of net profits generated from the Industrial Property Business. The Proposed Joint Venture will allow MBC Group to consolidate 60% of the profits/losses generated by MBC Logistic Hub through the Industrial Property Business.</p> <p>Based on the above, the overall effects of the Proposals are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Area of evaluation	Our evaluation
Section 12	Industry overview and prospects	<p>Whilst dry bulk charter rates continue to be volatile and is expected to impact the performance of the Dry Bulk Shipping Business moving forward, we are of the view that the revenue contribution to be generated from the Industrial Property Business, will to a certain extent, reduce the Group's dependence on the Dry Bulk Shipping Business. Following the acquisition of EMTS in 2023, the EMTS Business will also be an additional revenue stream for the Group.</p> <p>The Proposals also represents an opportunity for the Group to enter the Industrial Property Business underpinned by the positive outlook of the Property Market in Malaysia and Industrial Property Market in Malaysia and Selangor as explained in Section 12.3 of this IAL.</p> <p>As for the Development Project, it is intended to serve as the Group's maiden foray into industrial properties and a stepping stone towards undertaking more similar projects in the future to expand its Industrial Property Business. While we note that the Group has intention to undertake the Development Project on the Land, we wish to highlight that as at the LPD, the conceptual plan for the Development Project is still at a preliminary stage and subject to finalisation. Subject to the completion of the SPA, the Group expects the application for development order of the Development Project to be submitted by the 4th quarter of 2023.</p> <p>Premised on the above, we are of the view that the prospects of MBC Group following the completion of the Proposals is positive.</p>
Section 13	Risk factors associated with the Proposals	<p>In evaluating the Proposals, non-interested shareholders of MBC should carefully consider the risk factors as set out in Section 7, Part A of the Circular.</p> <p>While we noted that measures would be taken by MBC to mitigate such risks associated with the Proposals, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.</p>

3. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposals are **fair** and **reasonable** and are **not detrimental** to the non-interested shareholders of MBC. Accordingly, we advise and recommend that the non-interested shareholders of MBC **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.



9 November 2023

To: The non-interested shareholders of Malaysian Bulk Carriers Berhad

Dear Sir / Madam,

MALAYSIAN BULK CARRIERS BERHAD (“MBC” OR THE “COMPANY”)

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF MBC IN
RELATION TO THE PROPOSALS**

This IAL has been prepared for inclusion in the Circular in relation to the Proposals. All definitions or defined terms used in this IAL shall have the same meanings as defined in the “Definitions” section of the Circular, except where the context requires otherwise or as otherwise defined.

All references to “we”, “us” and “our” in this IAL are ascribed to BDOCC, being the Independent Adviser for the Proposed Acquisition and Proposed Joint Venture.

1. INTRODUCTION

On 29 August 2023, Kenanga IB had, on behalf of the Board, announced that the Company proposed to undertake the following:

- (i) Proposed Acquisition;
- (ii) Proposed Joint Venture; and
- (iii) Proposed Diversification.

The Proposed Acquisition, Proposed Joint Venture and Proposed Diversification are proposed to be undertaken concurrently.

The Proposed Acquisition and Proposed Joint Venture are deemed to be related party transactions pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder as set out in **Section 11, Part A** of the Circular.

Accordingly, BDOCC was appointed by MBC on 29 May 2023 as the Independent Adviser to advise the non-interested shareholders of MBC in relation to the fairness and reasonableness of the Proposed Acquisition and Proposed Joint Venture and whether the Proposed Acquisition and Proposed Joint Venture are detrimental to the non-interested shareholders of MBC.

It is to be noted that the Proposed Diversification is not deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. However, in view that the Proposed Acquisition and Proposed Joint Venture and the Proposed Diversification are inter-conditional, we have also provided our views in respect of the Proposed Diversification.

The purpose of this IAL is to provide the non-interested shareholders of MBC with an independent evaluation of the fairness and reasonableness of the Proposals, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.



THE NON-INTERESTED SHAREHOLDERS OF MBC ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR, TOGETHER WITH THE ACCOMPANYING APPENDICES, AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The Proposed Acquisition and Proposed Joint Venture are related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and Interested Major Shareholder as set out in **Section 11, Part A** of the Circular.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSALS

BDOCC was not involved in the formulation of the Proposals and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposals. BDOCC's terms of reference as an Independent Adviser are limited to expressing an independent evaluation of the Proposals which is based on the information provided to us or which are available to us, including but not limited to the following:

- (i) the information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the SPA;
- (iii) the SSA;
- (iv) the Valuation Report;
- (v) discussions with and representations by the Board and management of MBC;
- (vi) other relevant information, documents, confirmations and representations furnished to us by the Board and/or the management of MBC; and
- (vii) other publicly available information which we deemed to be relevant.

We have made such reasonable enquiries to the Board and management of MBC and have relied upon the information and/or documents as mentioned above as well as the relevant facts and information and/or representations necessary for our evaluation of the Proposals that have been disclosed to us, and that such information is accurate, valid and there is no omission of material facts which would make any information provided to us to be incomplete, misleading or inaccurate. We express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of MBC and all relevant parties involved in the Proposals. Based on the above, we are satisfied with the information and documents provided by MBC and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission.

In rendering our advice, we had taken note of pertinent issues, which we believe are necessary and important to an assessment of the implications of the Proposals and therefore of general concern to the non-interested shareholders of MBC. As such:

- (i) The scope of BDOCC's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposals only. Comments or points of consideration which may be commercially oriented such as the rationale and potential benefits of the Proposals are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of MBC to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposals;
- (ii) BDOCC's views and advice as contained in this IAL only cater to the non-interested shareholders of MBC at large and not to any shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual shareholder or any specific group of shareholders; and
- (iii) We recommend that any individual shareholder or group of shareholders of MBC who are in doubt as to the action to be taken or require advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, should consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions and the information and/or documents made available to us as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account the information, events and conditions arising after the LPD.

The Board has seen and approved the contents of this IAL. They collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAL (save for the assessment, evaluation and opinion of BDOCC) and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information in this IAL false or misleading.

The responsibility of the Board in respect of the independent advice and expression of opinion by BDOCC in relation to the Proposals as set out in **Section 1, Appendix IV** of the Circular, is to ensure that accurate information in relation to MBC was provided to BDOCC for its evaluation of the Proposals and to ensure that all information in relation to MBC that is relevant to BDOCC's evaluation of the Proposals have been completely disclosed to BDOCC and that there is no omission of material facts which would make any information provided to BDOCC false or misleading.

We shall notify the shareholders of MBC if, after the despatch of this IAL, we become aware of the following:

- (i) significant change affecting the information contained in this IAL;
- (ii) there is a reasonable ground to believe that the statements in this IAL are misleading and/or deceptive; and
- (iii) there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the shareholders of MBC.



4. DECLARATION OF CONFLICT OF INTEREST

BDOCC confirms that it is not aware of any existing conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of BDOCC's appointment as the Independent Adviser in respect of the Proposed Acquisition and Proposed Joint Venture.

Save as disclosed below and the current appointment as the Independent Adviser of the Proposed Acquisition and Proposed Joint Venture, we did not have any other professional relationship with MBC at any time during the past two (2) years prior to the date of this IAL.

- Appointment of BDOCC on 14 October 2022 for an indicative valuation exercise on the entire equity interest in EMTS which is principally involved in the provision of end-to-end racking system, logistics storage and retail display solutions. The final valuation report was issued on 16 January 2023, and the service provided is not related to the Proposals.

5. CREDENTIALS, EXPERIENCE AND EXPERTISE OF BDOCC

BDOCC is a corporate advisory firm in Malaysia with a corporate finance advisory team which provides an extensive range of services to both the corporate and financial sectors as well as the investment community. The areas of expertise include valuation services, capital market transactions, due diligence works and mergers and acquisitions.

The credentials and experience of BDOCC as an Independent Adviser, where we have been appointed in the past two (2) years prior to the date of this IAL, include the following proposals:

- (i) Appointment by OCR Group Berhad as the Independent Adviser in relation to the proposed acquisition and settlement of various contingent sums. Our independent advice letter was issued on 2 November 2021;
- (ii) Appointment by MPH Capital Berhad as the Independent Adviser in relation to the proposed disposal of 51% equity interest in MPI Generali Insurans Berhad to Generali Asia N.V. for a total cash consideration of RM485.00 million, subject to adjustments. Our independent advice letter was issued on 28 June 2022;
- (iii) Appointment by Citaglobal Berhad as the Independent Adviser in relation to the proposed acquisition of 100% equity interest in Citaglobal Engineering Services Sdn Bhd for a purchase consideration of RM140.00 million. Our independent advice letter was issued on 21 September 2022;
- (iv) Appointment by Heng Huat Resources Group Berhad as the Independent Adviser for the conditional mandatory take-over offer by GH Consortium Sdn Bhd to acquire all the offer securities for a cash consideration of RM0.3771 per offer share and RM0.2971 per offer warrant. Our independent advice circular was issued on 31 October 2022;
- (v) Appointment by Iskandar Waterfront City Berhad as the Independent Adviser in relation to the proposed disposal of a piece of freehold vacant land for a cash consideration of RM53.24 million and settlement of debt owing by the company and its subsidiary amounting to RM50.76 million by way of set-off against the disposal consideration. Our independent advice letter was issued on 31 October 2022;
- (vi) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed sale and leaseback of 3 real property assets involving the interest of related parties. Our independent advice letter was issued on 22 November 2022;

- (vii) Appointment by Comintel Corporation Bhd as the independent adviser for the unconditional mandatory take-over offer by JT Conglomerate Sdn Bhd to acquire the offer shares for a cash consideration of RM0.15 per offer share. Our independent advice circular was issued on 27 December 2022;
- (viii) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed disposal of 2 parcel of land involving the interest of related parties. Our independent advice letter was issued on 22 March 2023;
- (ix) Appointment by Tropicana Corporation Berhad ("**TCB**") as the Independent Adviser in relation to the proposed capitalisation of the advances amounting to RM180.00 million via issuance of new ordinary shares in TCB. Our independent advice letter was issued on 8 June 2023;
- (x) Appointment by DPS Resources Berhad as the independent adviser in relation to the proposed exemptions by Tan Sri (Dr) Sow Chin Chuan and persons acting in concert with him from the obligation to undertake a mandatory offer for the remaining shares and convertible securities in DPS Resources Berhad not already held by them. Our independent advice letter was issued on 14 June 2023;
- (xi) Appointment by PTT Synergy Group Berhad ("**PTT**") as the Independent Adviser in relation to the proposed acquisition by PTT of the entire equity interest in Pembinaan Tetap Teguh Sdn Bhd for a total purchase consideration of RM152.00 million. Our independent advice letter was issued on 30 June 2023; and
- (xii) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed renewal of lease of specialist medical centres involving the interest of related parties. Our independent advice letter was issued on 31 July 2023.

Premised on the foregoing, BDOCC is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested shareholders of MBC in relation to the Proposals.

6. EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have considered the following:

	Section in this IAL
(i) Rationale of the Proposals	7
(ii) Evaluation of the Proposed Acquisition	8
(iii) Evaluation of the Proposed Joint Venture	9
(iv) Evaluation of the Proposed Diversification	10
(v) Effects of the Proposals	11
(vi) Industry overview and prospects	12
(vii) Risk factors associated with the Proposals	13

7. RATIONALE OF THE PROPOSALS

We take cognisance of the rationale of the Proposals as outlined in **Section 5, Part A** of the Circular.

We noted that the Group has been looking for new strategic business opportunities to diversify its revenue streams to mitigate the risk of overdependence on its existing core business, which is subject to fluctuations in ship charter rates which are beyond the Group's control.

We further noted that the Group intends to diversify its existing business to include the Industrial Property Business in view of, amongst others, the favourable outlook and prospects of the industrial properties in Malaysia and Selangor as highlighted in **Section 6.2, Part A** of this Circular.

We also noted that the Group had identified the Land as the site of its maiden Development Project. The Land is intended to be developed with industrial buildings comprising 3 warehouses which are intended to be leased to third-party tenants. These are intended to generate recurring rental income for the Group.

Our Comments:

MBC Group is principally engaged in the ownership and operation of vessels as well as ship management ("**Dry Bulk Shipping Business**"). On 30 January 2023, the Group completed the acquisition of EMTS, which is an end-to-end racking system, logistics storage and retail display solutions provider ("**EMTS Business**"). Following this acquisition, the Group generates revenue from its Dry Bulk Shipping Business as well as the EMTS Business.

Prior to 2023, MBC Group's revenue was mainly derived from the provision of freight services for charters. The charter rates for the Dry Bulk Shipping Business are dependent upon the demand and supply of commodity items such as coal, grains, iron ore and other commodities. As a result of this, charter rates tend to be volatile and have resulted in uneven revenue and profitability recorded by the Group. The financial performance and charter rates of the Group for the past 4 audited financial years of FYE 2019 to FYE 2022 and unaudited 6-month FPE 30 June 2023 are summarised below:

MBC Group	< ----- Audited ----- >				Unaudited
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	6-month FPE 30 June 2023 (RM'000)
Revenue	257,993	175,986	207,044	154,779	68,052
Operating profit / (loss)	32,001	(3,592)	93,010	47,747	14,235
(Loss before tax) (" LBT ") / Profit before tax (" PBT ")	(6,099)	(20,679)	195,381	93,294	4,415
(LBT) / PBT – excluding exceptional items [^]	15	(19,225)	76,204	41,421	4,415
(Loss after tax) (" LAT ") / Profit after tax (" PAT ")	(7,314)	(20,781)	195,245	93,181	3,824
No. of vessels (at end of the year/period)	14	10	5	4	2
Daily time charter equivalent rate (USD)	10,010	8,676	18,092	18,886	15,875

(Source: MBC's Annual report 2022 and quarter report for FPE 30 June 2023)

Note:

[^] Excluding exceptional items such as disposal of property, plant and equipment, impairment/reversal of impairment loss on vessels, gain/loss on liquidation of subsidiaries or joint ventures and derecognition of joint ventures recognised during the respective financial years/period.

Based on the table above, we noted that MBC Group has downsized its vessel fleet from 14 vessels in FYE 2019 to 4 vessels in FYE 2022. We also noted that the charter rates have increased from USD10.0k in FYE 2019 to USD18.9k in FYE 2022. Despite having fewer vessels in FYE 2021 and FYE 2022, MBC Group's profitability has improved significantly from a PBT (excluding exceptional items) of RM0.02 million in FYE 2019 to a PBT (excluding exceptional items) of RM76.20 million and RM41.42 million in FYE 2021 and FYE 2022 respectively, mainly due to higher charter rates recorded in the 2 years.

In view that charter rates are unpredictable in nature, a sudden movement in charter rates will have a significant impact on the financial performance of MBC Group. As such, we noted that MBC intends to look for new business opportunities to mitigate the risk of overdependence on its existing Dry Bulk Shipping Business.

In addition, we also noted that MBC Group's financial position has improved significantly from audited FYE 2019 to unaudited 6-month FPE 30 June 2023 as summarised below:

MBC Group	< ----- Audited ----- >				Unaudited
	As at 31 December 2019 (RM'000)	As at 31 December 2020 (RM'000)	As at 31 December 2021 (RM'000)	As at 31 December 2022 (RM'000)	As at 30 June 2023 (RM'000)
Cash and cash equivalents	79,480	38,886	207,174	379,299	196,226
Borrowings	356,839	237,344	65,908	-	1,174
Lease liabilities	204,941	111,849	74,194	33,111	72
Total borrowings and lease liabilities	561,780	349,193	140,102	33,111	1,246
Shareholders' equity	354,830	274,253	469,022	487,052	510,966
Gearing ratio (times)	1.58	1.27	0.30	0.07	0.0024

(Source: MBC's Annual report 2022 and quarter report for FPE 30 June 2023)

Based on the above, we noted that based on the Group's audited FYE 2019 and unaudited 6-month FPE 30 June 2023, the Group's cash and cash equivalents have increased from RM79.48 million as at 31 December 2019 to RM196.23 million as at 30 June 2023 and the Group's gearing ratio has improved from 1.58 times as at 31 December 2019 to 0.0024 times as at 30 June 2023.

The current cash position and debt level of MBC Group will allow the Group to explore options to acquire new assets and/or businesses. Accordingly, the Proposals represent an opportunity for the Group to diversify its revenue stream and facilitate the expansion of the Group's business.

The Proposals will serve as an entry point for the Group into the Industrial Property Business by acquiring the Land and undertaking the Development Project on the Land through MBC Logistic Hub, the proposed joint venture company between MBC and GVVSB at a shareholding of 60% and 40% respectively. With a joint venture arrangement, MBC and GVVSB will be able to share part of the cost of acquiring the Land and part of the cost for the Development Project in proportionate to their shareholdings in MBC Logistic Hub.

We also noted the management of MBC views that the Proposed Joint Venture is synergistic to EMTS Business as it provides the Group with opportunities to cross-sell EMTS' products such as industrial racking and storage solutions to prospective tenants who decides to rent the warehouses which are proposed to be built under the Development Project.

Based on the above, we are of the view that the rationale of the Proposals are reasonable. Nevertheless, non-interested shareholders of MBC should note that the potential benefits arising from the Proposals are subject to risk factors as disclosed in Section 7, Part A of the Circular. For further details of our evaluation of the Proposed Acquisition, the Proposed Joint Venture and the Proposed Diversification, please refer to Section 8, Section 9 and Section 10 of this IAL, respectively.

8. EVALUATION OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are set out in **Section 2, Part A** of the Circular. In evaluating the Proposed Acquisition, we have taken into consideration, amongst others, the following:

- (i) Basis and justification of the Purchase Consideration;
- (ii) Mode of settlement of the Purchase Consideration; and
- (iii) Salient terms of the SPA.

8.1 Basis and justification of the Purchase Consideration

We noted in **Section 2.2, Part A** of the Circular, that the Purchase Consideration of RM165.00 million for the Land was arrived at after taking into consideration, amongst others, the following:

- (i) the market value of the Land of RM165.00 million as appraised by the Independent Valuer based on the comparison approach of valuation;
- (ii) the rationale for the Proposed Acquisition as set out in **Section 5, Part A** of this Circular; and
- (iii) the prospects of the Development Project as set out in **Sections 3.1 and 6.3, Part A** of this Circular.

Accordingly, MBC has appointed the Independent Valuer to undertake the valuation and appraise the market value of the Land.

As disclosed in **Section 2.1, Part A** of the Circular, the details of the Land are summarised as follows:

Title particulars	H.S.(D) 166441, Lot No PT 85116, Mukim Kapar, Daerah Klang, Negeri Selangor
Tenure	Freehold
Provisional land area ⁽¹⁾	Approximately 23.5992 hectares (equivalent to approximately 235,992 sqm)
Transacted land area ⁽¹⁾	Approximately 23.4783 hectares (equivalent to approximately 234,783 sqm)
Registered owner ⁽²⁾	Sinaran Seribumi, a subsidiary of KLSB
Beneficial owner ⁽²⁾	KLSB
Existing use	Vacant industrial land ⁽³⁾
Proposed use	Proposed industrial development of warehouses
Category of land use	"Industri"
Express condition	"Industri Sederhana"
Restriction in interest	Nil
Endorsement	Nil
Encumbrances ⁽⁴⁾	Charged to AmBank (M) Berhad vide Presentation No. 46171/2023 on 31 May 2023
Independent Valuer	Henry Butcher
Method of valuation	Comparison approach

Audited NBV as at 31 December 2022 ⁽⁵⁾	RM23.78 million ⁽⁵⁾
Market value	RM165.00 million
Material date of valuation	22 August 2023

Notes:

- (1) The provisional land area of the Land as per title document is approximately 23.5992 hectares (equivalent to 235,992 sqm). However, the surveyed land area as per the Certified Plan no. PA257592 is 23.6000 hectares (equivalent to 236,000 sqm).

As at the LPD, a portion of the land is proposed to be compulsorily acquired based on Form E (Notice of enquiry to persons interested) and Form F (Notice to persons interested to require evidence in writing), both dated 12 May 2023 served to Sinaran Seribumi by the Land Administration Office of Klang, for the purposes of the East Coast Rail Link (“ECRL”) Project vide Government of Selangor Gazette No. 254 dated 12 January 2023 (“**Compulsory Acquisition**”).

In addition, if the Compulsory Acquisition were to be completed, a small parcel of land will be cut off from the rest of the Land. The details of the differences between the surveyed land area and the transacted land area are as follows:

	Surveyed land area	Land subject to Compulsory Acquisition	Parcel of land separated from the main portion of the Land	Transacted land area
	(sqm)	(sqm)	(sqm)	(sqm)
Land area	236,000	(1,159)	(58)	234,783

For the avoidance of doubt, the Independent Valuer had adopted the transacted land area of 234,783 sqm in arriving at the market value of the Land.

- (2) For information purposes, KLSB had completed the acquisition of the Land from Sinaran Seribumi on 9 January 2023 and both parties agree that Sinaran Seribumi shall hold the land title on trust as trustee for KLSB. As at the LPD, Sinaran Seribumi is a subsidiary of KLSB.
- (3) As at the LPD, the Land is planted with oil palm trees aged between 10 to 20 years old. Pursuant to the terms of the SPA, the Vendor shall be responsible carry out the site clearance work to remove all existing oil palm trees and attend to the flattening work on the Land to the same level as the main road of the Land within 6 months from the date of fulfilment of all the SPA Conditions Precedent.
- (4) The encumbrance on the Land will be discharged prior to the completion of the Proposed Acquisition.
- (5) Based on the audited financial statements of KLSB and its subsidiary for the FYE 2022. The NBV of the Land excludes the payment of land conversion premium for conversion of the category of land use of the Land from agriculture to medium industrial which was incurred in the FYE 2023.

Based on the Valuation Report, we noted that the Independent Valuer had adopted the comparison approach as the sole valuation method in appraising the market value of the Land as the Land is a parcel of vacant industrial land and the planning of development on the Land is in preliminary stage. The comparison approach is a market approach of comparing the Land with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at the market value of the Land.

We also noted that the market value of the Land as appraised by the Independent Valuer was derived on the basis that the Vendor shall at its own cost and expense carry out the site clearance work to remove all the existing oil palm trees and attend to the flattening work on the Land to the same level as the main road of the Land.



In addition, we wish to highlight that as disclosed in **Section 3.1, Part A** of the Circular, MBC has appointed Laurelcap to conduct a market study on the industrial market in the vicinity of the Land and to assess the Development Project for internal management purposes only. We noted that the Independent Valuer did not take into consideration the proposed development components set out in the Market Study Report as part of its valuation of the Land. Furthermore, as at the LPD, the conceptual plan for the Development Project is still at preliminary stage and subject to finalisation. Subject to the completion of the SPA, the Group expects the application for development order of the Development Project to be submitted by the 4th quarter of 2023.

We have also reviewed the contents of the Valuation Report, which was prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers. Accordingly, we are satisfied with the bases and assumptions adopted by the Independent Valuer in arriving at the market value of the Land.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--



Valuation of the Land

In arriving at the market value of the Land, the Independent Valuer has compared the Land with recent and similar comparable transactions and has made adjustments accordingly, as summarised below:

Land		Comparable 1	Comparable 2	Comparable 3
Address	HSD 166441, PT 85116, Mukim Kapar, District Klang, Selangor	Lot 12 held under part of HS.(D) 165115, PT No. 84452, Mukim of Kapar, District of Klang	Lot No. B51012, Phase 3B12, Precinct 3B (Westgate), Eco Business Park V, held under part of H.S. (D) 5726, PT 10562, Mukim of Ijok, District of Kuala Selangor	Developer's Parcel No. 16, Taman Perindustrian Semanja, Bandar Puncak Alam, held under part of H.S. (D) 5721, PT 10557, Mukim Ijok, Daerah Kuala Selangor
Locality	Jalan Bukit Kapar, Kapar	Jalan Bukit Kerayong, Kapar	Eco Business Park V, Bandar Puncak Alam	Taman Perindustrian Semanja, Bandar Puncak Alam
Type of property	Vacant industrial land	Vacant industrial land	Vacant industrial land	Vacant industrial land
Tenure	Freehold	Freehold	Leasehold 99 years expiring on January 13, 2101	Leasehold 99 years expiring on January 13, 2101
Transaction date	-	02.05.2023	01.11.2022	01.08.2022
Consideration (RM)	-	60,159,845	35,974,000	30,450,000
Land area (sq ft)	2,527,265.9	884,703.6	427,222.8	405,986.6
Base value (RM per sq ft)	-	68.00	84.20	75.00
Adjustment factors⁽¹⁾				
Location		0%	5%	5%
Accessibility		5%	0%	0%
Development concept/goodwill		0%	-10%	0%
Size		-10%	-25%	-25%
Tenure		0%	10%	10%
Total adjustment		-5%	-20%	-10%
Total adjusted value (RM per sq ft)		64.60	67.36	67.50

(Source: Valuation Report)

Note:

- (1) The Independent Valuer has made adjustments to the land value of Comparable 1, Comparable 2 and Comparable 3 in the following manner:

	Adjustment factor	Rate	Remarks
Comparable 1	Accessibility	Upward 5%	The Land is nearer to West Coast Expressway Interchange.
	Size	Downward 10%	The Land has a land size which is about 3 times of Comparable 1.
Comparable 2	Location	Upward 5%	The Land is located at a better location.
	Development concept/goodwill	Downward 10%	Comparable 2 is a guarded development developed by a more prominent developer.
	Size	Downward 25%	The Land has a land size which is about 6 times of Comparable 2.
	Tenure	Upward 10%	The Land is freehold in interest.
Comparable 3	Location	Upward 5%	The Land is located at a better location.
	Size	Downward 25%	The Land has a land size which is about 6 times of Comparable 3.
	Tenure	Upward 10%	The Land is freehold in interest.

Based on the Valuation Report, we noted the following:

- (i) The Independent Valuer has made adjustments to the land value of the comparables for differences in location, accessibility, development concept/goodwill, size and tenure;
- (ii) The Independent Valuer has selected Comparable 1 as the best comparable on the basis that it is located within the vicinity of the Land and has the most similarity with the Land as well as being the most recent transaction to the Land as compared to Comparable 2 and Comparable 3.
- (iii) The Independent Valuer has adopted RM65.00 per sq ft for the valuation of the Land (derived based on the adjusted land value of Comparable 1 of RM64.60), which translates to RM165,000,000 (after rounding up from RM164,272,282).

Our Comments:

We are of the view that the adopted market value for the valuation of the Land of RM165.00 million or RM65.00 per sq ft, which was derived based on the adjusted land value of Comparable 1, is **fair** due to the following:

- (i) The bases and assumptions used by the Independent Valuer in deriving the respective adjusted land values of the comparables are reasonable;
- (ii) The selection of Comparable 1 as the best comparable is reasonable as it is located the nearest to the Land and is the most recent transacted property to the Land as compared to Comparable 2 and Comparable 3; and
- (iii) Comparable 1 has the least net adjustment in land value (i.e. -5% adjustment) as compared to Comparable 2 (i.e. -20% adjustment) and Comparable 3 (i.e. -10% adjustment), respectively.

In arriving at the fairness evaluation of the Purchase Consideration, we have compared the Purchase Consideration against the market value of the Land as appraised by the Independent Valuer as follows:

Details	RM
Purchase Consideration	165,000,000
Market value of the Land as ascribed by the Independent Valuer	165,000,000

Based on the table above, the Purchase Consideration of RM165.00 million is equivalent to the market value of the Land of RM165.00 million.

As such, we are of the view that the Purchase Consideration is fair.

Nevertheless, non-interested shareholders of MBC should also consider the qualitative factors of the Proposals as set out in the ensuing sections of this IAL to arrive at a holistic view.

8.2 Mode of settlement of the Purchase Consideration

We take cognisance of the details of the mode of settlement of the Purchase Consideration set out in **Section 2.5, Part A** of the Circular.

Our Comments:

We noted that MBC Logistic Hub intends to fund the Purchase Consideration of RM165.00 million in the following manner:

- (i) Up to 80% of the Purchase Consideration amounting to RM132.00 million to be funded via bank borrowings obtained by MBC Logistic Hub; and
- (ii) Any balance amount of the Purchase Consideration shall be funded by MBC Logistic Hub via shareholders' advances by MBC and GVVSB in proportion to their 60:40 shareholdings in MBC Logistic Hub.

For illustrative purposes, we have compared the amount to be funded by MBC Logistic Hub via shareholders' advances by MBC and GVVSB based on the following 2 scenarios:

	Amounts to be funded by bank borrowings by MBC Logistic Hub	Amount to be funded by shareholders' advances		
		MBC	GVVSB	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Scenario 1 MBC Logistic Hub is able to obtain bank borrowings to fund 80% of the Purchase Consideration and the remaining 20% of the Purchase Consideration to be funded via shareholders' advances.	132,000	19,800	13,200	33,000
Scenario 2 MBC Logistic Hub is unable to obtain bank borrowings and 100% of the Purchase Consideration to be funded via shareholders' advances.	Nil	99,000	66,000	165,000

Based on the above, in the event that MBC Logistic Hub is unable to obtain bank borrowings to fund up to 80% of the Purchase Consideration (ie. Scenario 2), the maximum amount to be funded by MBC and GVVSB via shareholders' advances to MBC Logistic Hub will increase from RM33.00 million to RM165.00 million, wherein MBC and GVVSB's funding portion for the Proposed Acquisition will be RM99.00 million and RM66.00 million, respectively.

We also noted that MBC may fund its share of the Purchase Consideration either from part of the proceeds from the disposal of Alam Kekal[^], its internally-generated funds or its own bank borrowings. In the event that the disposal proceeds from Alam Kekal is insufficient to fund MBC's share of the Purchase Consideration, we are of the view that MBC Group is in a financial position to fund the Proposed Acquisition in view that:

- (i) the Group's unaudited cash and cash equivalents as at 30 June 2023 stood at RM196.23 million and are mainly free-cash (ie. short term deposits);
- (ii) the Group's unaudited borrowings and lease liabilities as at 30 June 2023 stood at RM1.25 million with a gearing ratio of 0.0024 times; and
- (iii) the Group has no capital commitment as at 30 June 2023.

Note:

[^] As disclosed in **Section 4, Part A** of the Circular, the total proceeds for the disposal Alam Kekal amounted to RM140.06 million ("**Disposal Proceeds**").

Accordingly, the Group has earmarked RM125.00 million of the Disposal Proceeds for future business expansion and the Group intends to utilise part of the RM125.00 million to fund MBC's share of the Purchase Consideration as well as MBC's share of the cost for the Development Project.


The actual utilisation cannot be determined at this juncture and shall depend on the timing and quantum of the bank borrowings to be secured by MBC Logistic Hub to fund the Purchase Consideration and the actual amount of funds required to be provided by the Group. Any funds not utilised for this purpose shall be utilised to finance other business expansion opportunities including any suitable and viable business(es) / investment(s) and/or strategic acquisition(s) to be identified.


Based on the above, we are of the view that the mode of settlement of the Proposed Acquisition is reasonable.

8.3 Salient Terms of the SPA


The salient terms of the SPA are disclosed in **Appendix II, Part A** of the Circular. The following sets out only a summary of the material salient terms of the SPA that was considered by us and non-interested shareholders of MBC are advised to read **Appendix II, Part A** of the Circular in its entirety.

No.	Salient terms of the SPA	Our comments
1.	Purchase Consideration RM165,000,000.00 only.	The Purchase Consideration of RM165.00 million is fair as it is based on a "willing-buyer willing-seller" basis and the Purchase Consideration of RM165.00 million is equivalent to the market value of the Land of RM165.00 million as appraised by the Independent Valuer.
2.	Nature of transaction Sale and purchase of the land excluding the areas that may be subject to acquisition by the Appropriate Authorities for the East Coast Rail Line project (" Compulsory Acquisition ") and those separated from the main portion of the land as a result of the Compulsory Acquisition (collectively, the " Excluded Area "). (" Land "). The Vendor has agreed to sell and the Purchaser has agreed to purchase the Land free	This term is reasonable as the terms of the SPA clearly set out the net land area (after excluding the Excluded Area) that is subject to the Proposed Acquisition. We further noted that the Purchase Consideration of RM165.00 million is equivalent to the market value of the Land of RM165.00 million as appraised


No.	Salient terms of the SPA	Our comments
	from any Encumbrances (as defined in item 3(ii) below) with vacant possession but subject to the conditions and restrictions in interest expressed or implied in the documents of title relating to the Land.	by the Independent Valuer, which is based on the Land area after excluding the Excluded Area.
3.	<p>Conditions of sale and purchase</p> <p>The Land is sold:</p> <ul style="list-style-type: none"> (i) on an “as is where is” basis to the extent of the state and condition of the Land, subject to the conditions subsequent as set out in item 9 below; (ii) free from any form of legal, equitable or security interests over the Land including but not limited to any debenture, lien, charge, pledge, title retention, right to acquire, security interest, hypothecation, options, rights of first refusal, injunctions, any preference arrangement (including title transfers and retention arrangements or otherwise), caveats, prohibitory orders, claims, right of set off and any other encumbrance or condition whatsoever or any other arrangement having similar effect (“Encumbrances”); (iii) with vacant possession and all rights, titles, and interest therein and thereto; (iv) subject to the existing category of land use affecting the Land; (v) subject to all restrictions in interest and conditions of title, whether express or implied, affecting the Land; (vi) on the basis that each of the warranties are true and accurate in all aspects; (vii) on the basis that the Vendor has fully complied with the conditions precedents as set out in the Sale and Purchase Agreement dated 10 July 2019 (“Principal SPA”) and Supplemental Sale and Purchase Agreements dated 12 October 2021 and 25 May 2022 (“SSPA”) entered into between Sinaran Seribumi Sdn Bhd (“Proprietor”) and the Vendor; and (viii) subject to the satisfaction of the SPA Conditions Precedent (as set out in item 4 below). 	<p>These terms are reasonable as they serve to protect the interest of the Purchaser and these terms are common commercial terms in an agreement for transactions that are similar to the Proposed Acquisition.</p> 

No.	Salient terms of the SPA	Our comments
4.	<p>SPA Conditions Precedent</p> <p>The completion of the sale and purchase of the Land is conditional upon the following conditions precedent being obtained and fulfilled within 3 months from the date of the SPA, or such other date as the parties may mutually agree upon in writing ("SPA Cut-Off Date"):</p> <ul style="list-style-type: none"> (i) documentary evidence in relation to the Vendor's compliance of the conditions precedent as set out in the Principal SPA and SSPA[^]; (ii) the Vendor having obtained at its own cost and expense the approval of the shareholders of the Vendor for the disposal of the Land in accordance with the terms of the SPA; and (iii) the Purchaser having obtained at its own cost and expense the approval of: <ul style="list-style-type: none"> (a) the shareholders of the Purchaser; and (b) the shareholders of the Purchaser's holding company at an extraordinary general meeting to be convened for the acquisition of the Land in accordance with the terms of the SPA. <p>The SPA shall become unconditional on the date of the business day after the day upon which the last of the SPA Unconditional Date.</p> <p>Note: [^] As at the LPD, there are no outstanding conditions precedent as set out in the Principal SPA and SSPA which have yet to be complied with.</p>	<p>These terms are reasonable as the condition precedents of the SPA are the requisite approvals required to be fulfilled by the parties of the SPA to complete the Proposed Acquisition. These terms also ensure that the transaction is in compliance with the applicable laws and regulatory requirements.</p> <p>We are of the view that a time period of 3 months is reasonable for the parties of the SPA to fulfil the conditions precedent of the SPA.</p> 
5.	<p>Manner of payment of the Purchase Consideration</p> <p>The Purchaser and the Vendor agrees that the Purchase Consideration shall be satisfied by the Purchaser in the following manner:</p> <ul style="list-style-type: none"> (i) A sum equivalent to 10% of the Purchase Consideration, amounting to RM16,500,000 to be paid by the Purchaser as deposit ("Deposit") to the Vendor upon execution of the SPA; (ii) A sum equivalent to 85% of the Purchase Consideration, amounting to RM140,250,000 shall be paid by the Purchaser to the Vendor and/or the Chargee in part payment of the Purchase Consideration within 3 months from the SPA Unconditional Date; and 	<p>The deposit payment of 10% is reasonable as it is a common commercial term in an agreement for transactions that are similar to the Proposed Acquisition.</p> <p>This term is reasonable and beneficial to the Purchaser as 85% of the Purchase Consideration is only paid after the SPA becomes unconditional.</p>



No.	Salient terms of the SPA	Our comments
	(iii) The remaining sum equivalent to 5% of the Purchase Consideration, amounting to RM8,250,000 (" Balance ") shall be paid by the Purchaser to the Vendor as the final payment towards the Purchase Consideration within 3 business days upon fulfilment of the Site Upgrading Works (as defined in item 9 below) (" Completion ").	This term is reasonable and serves to protect the interest of the Purchaser as the remaining 5% of the Purchase Consideration is only paid upon fulfilment of the Site Upgrading Works by the Vendor.
6.	Completion Date The day falling 7 months from the SPA Unconditional Date, or such other extended date to be mutually agreed by the parties in writing.	We are of the view that 7 months is a reasonable time period in view that the balance 5% of the Purchase Consideration shall be paid within 3 business days upon fulfilment of the Site Upgrading Works, which must be completed by the Vendor within 6 months from the SPA Unconditional Date.
7.	Extended Completion Date In the event the Purchaser shall fail to pay the Purchase Consideration by the Completion Date, the Vendor shall automatically grant to the Purchaser an extension of one (1) month from the Completion Date to pay the Purchase Consideration (" Extended Completion Period ") provided that the Purchaser shall pay to the Vendor interest at the rate of 8% per annum on the Purchase Consideration or any part thereof remaining unpaid, calculated on a daily basis, from the day next following the Completion Date until the date of actual payment of the Purchase Consideration (" Late Payment Interest "). In any event that the need for the extension is caused by the default or delay on the part of the Vendor and at no fault of the Purchaser, the Vendor shall not be entitled for the payment of Late Payment Interest for such part of the extension which is caused by the default or delay on the part of the Vendor and at no fault of the Purchaser.	This term is reasonable as the rate of 8% per annum for the late payment interest is a common commercial term in an agreement for transactions that are similar to the Proposed Acquisition.
8.	Adjustment on the Purchase Consideration (i) If the position, measurement, boundaries and/or area of the Land (" Agreed Area ") shall be different as shown in the new land title to be issued for the Land pursuant to item 9 below (" New Title ") (" Actual Area "), the Purchase Consideration shall be adjusted accordingly at the rate of RM702.78 per sqm (based on the Purchase Consideration of RM165.00 million divided by the transacted land area of 234,783 sqm), or any other rate as may be mutually agreed by the parties calculated on the difference between the Agreed Area and the Actual Area	<p>We are of the view that the adjustment mechanism for the Purchase Consideration is reasonable as the Purchase Consideration for the Proposed Acquisition is based on the land size that is acquired.</p> <p>We are of the view that the adjustment of RM702.78 per sqm on the Purchase Consideration is fair as it is same as the market value of the Land on a per sqm</p>



No.	Salient terms of the SPA	Our comments
	<p>and the Purchase Consideration referred to in the SPA shall be the Purchase Consideration adjusted pursuant to this clause.</p> <p>(ii) Notwithstanding anything to the contrary under the SPA, the parties agree that in the event the measurement of the Actual Area has a variation of more than 5% than the Agreed Area, the parties shall in good faith discuss and negotiate on an appropriate adjustment to the Purchase Consideration and mutually agree on a price which is acceptable to both parties[^]. If the parties are unable to reach mutual agreement on the price within a period of 30 days or any mutually agreed extension period, the Purchaser shall be entitled to terminate the SPA by notice in writing, whereupon KLSB must inter alia return all moneys received by it as part of the Purchase Consideration free of interest to the Purchaser within 7 days of the giving of the notice) and thereafter, the parties shall not have any further rights under the SPA except in respect of –</p> <p>(a) any obligation which is expressed to apply after the termination of the SPA; and</p> <p>(b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SPA to either party prior to such termination.</p> <p>Note: [^] For information, MBC shall have the right to terminate the SPA should the measurement of the Actual Area deviates more than 5% than the Agreed Area. Nevertheless, should the deviation be more than 5% and is within a range acceptable to MBC, it is the intention of the Company to adjust the Purchase Consideration accordingly at the rate of RM702.78 per sqm, subject to the agreement / acceptance by the Vendor. For the avoidance of doubt, MBC will immediately announce any adjustment to the Purchase Consideration resulting from the above.</p>	<p>basis for the Proposed Acquisition (i.e. RM165 million / 234,783 sqm).</p> <p>We also noted that in the event measurement of the Actual Area has a variation of more than 5% than the Agreed Area, the adjustment price on the Purchase Consideration is subject to discussion and agreement by both parties of the SPA. We further noted that it is the intention of the parties to fix the adjustment price at the rate of RM702.78 per sqm which is consistent with market value of the Land on a per sqm basis for the Proposed Acquisition.</p> 

No.	Salient terms of the SPA	Our comments
9.	<p data-bbox="355 286 660 318">Conditions Subsequent</p> <p data-bbox="355 349 459 380"><u>Transfer</u></p> <p data-bbox="355 412 997 595">The Vendor and/or Proprietor shall within 2 years from the Completion or such other extended date to be mutually agreed by the parties in writing ("Stipulated Period")[^], take all reasonable steps to procure the transfer of the issue documents or title of the Land in favour of the Purchaser in the following manner:</p> <p data-bbox="355 627 395 658">If –</p> <p data-bbox="355 689 997 958">(i) the Compulsory Acquisition takes place prior to the Completion, the Vendor shall take all necessary steps to cause the Proprietor to execute the Transfer (as defined in the SPA) in accordance with the terms of the SPA and render all assistance to ensure that the registration of the Transfer in favour of the Purchaser is completed in accordance with the terms of the SPA.</p> <p data-bbox="355 990 997 1258">(ii) the Compulsory Acquisition takes place after the Completion but prior to the expiry of the Stipulated Period, the Vendor shall take all necessary steps to cause the Proprietor to execute the Transfer in accordance with the terms of the SPA and render all assistance to ensure that the registration of the Transfer in favour of the Purchaser is completed in accordance with the terms of the SPA.</p>	<p data-bbox="1019 286 1495 443">We noted that these terms set out the obligation of the Vendor to procure the Proprietor to transfer the Land title to the Purchaser after the occurrence of either item (i) to (iii).</p> <p data-bbox="1019 474 1495 721">We further noted that the time period of 2 years was mutually agreed by the Vendor and Purchaser to allow for sufficient time for the completion of the Compulsory Acquisition and the administrative process for the transfer of the Land title based on the actual land size to be acquired.</p> <p data-bbox="1019 752 1495 1021">As disclosed in Section 3.1, Part A of the Circular, we noted that the Development Project is expected to commence in the 2nd quarter of 2024. While we noted that pending the transfer of the Land title, MBC Logistic Hub is only entitled to the Limited PA, the SPA sets out that upon full payment of the Purchase Consideration:</p> <p data-bbox="1019 1052 1495 1205">a) the Vendor acknowledges that the Purchaser is the beneficial owner of the Land and the Vendor and Proprietor has no further rights, title and benefit in the Land;</p> <p data-bbox="1019 1236 1495 1357">b) the Vendor acknowledges that the Vendor shall cause the Proprietor to hold the Land as bare trustee on behalf of the Purchaser;</p> <p data-bbox="1019 1388 1495 1666">c) the Vendor shall cause the Proprietor to do all such acts and things as may be reasonably required by the Purchaser in order that the Purchaser may effectively deal with the Purchaser's Land or Subject Land, as the case may be in its capacity as the sole beneficial owner; and</p> <p data-bbox="1019 1697 1495 1854">d) the Vendor covenants not to deal with the Land (including sell, lease, charge, encumber or otherwise) without the prior written consent of the Purchaser.</p> <p data-bbox="1019 1886 1495 2036">In addition, the Purchaser will be entitled at its own cost and expense to register a private caveat against the Land for the purpose of protecting the interest of the Purchaser.</p>

No.	Salient terms of the SPA	Our comments
	<p>(iii) the Compulsory Acquisition did not take place within the Stipulated Period, the Purchaser shall have the right to purchase the Excluded Area at a consideration rate of RM702.78 per sqm and upon the Purchaser exercising the right, the Vendor shall take all necessary steps to cause the Proprietor to execute all such documents in respect of the transfer of the title of the Land*.</p> <p>Notes:</p> <p>[^] <i>The 2-year timeframe is to allow for sufficient time for the completion of the Compulsory Acquisition and for the subsequent transfer of the title of the Land.</i></p> <p>[*] <i>In the event the Compulsory Acquisition does not take place within the Stipulated Period and the Group chooses to exercise the option to purchase the Excluded Area, the purchase consideration for such Excluded Area is expected to be approximately RM0.86 million (based on the land area of the Excluded Area of 1,217 sqm). MBC will make an announcement as well as seek the approval of the Shareholders upon exercising the option to acquire the Excluded Area, if necessary</i></p> <p><u>Vendor's Obligation</u></p> <p>The Vendor shall at its own cost and expense within 6 months from the SPA Unconditional Date, carry out the site clearance work to remove all the existing oil palm trees and attend to the flattening work on the Subject Land to the same level as the main road of the Subject Land ("Site Upgrading Works").</p> <p>For the avoidance of doubt, the Vendor shall be solely responsible to apply and obtain the necessary approvals from the Appropriate Authorities for the Site Upgrading Works and the Vendor shall comply with such approvals or requirements from the Appropriate Authorities from time to time. The Vendor shall be liable for and shall fully indemnify and keep the Purchaser fully indemnified against any damage, costs and expenses, liability, loss, claim, fine, penalty or any other proceedings in respect of damage of any kind to the Land or as the case may be incurred by the Vendor arising out of or in the course of or by reason of the Site Upgrading Works being carried out by the Vendor and/or its agents and servants.</p>	<p>Based on the above, we are of the view that time period of 2 years for the transfer of Land title is reasonable and not detrimental to the non-interested shareholders of MBC.</p> <p>This term is reasonable and beneficial to the Purchaser as the Purchaser has the right to purchase the Excluded Area in the event that the Compulsory Acquisition does not take place within the Stipulated Period.</p> <p>The purchase consideration of RM702.78 per sqm is fair as it is same as the market value of the Land on a per sqm basis for the Proposed Acquisition (i.e. RM165 million / 234,783 sqm).</p> <div style="text-align: center;">  </div> <p>These terms are reasonable as it is mutually agreed between the Purchaser and the Vendor that the Vendor will bear the costs and expenses for the Site Upgrading Works.</p> <p>We further noted that the Purchaser is only required to pay the remaining 5% of the Purchase consideration upon fulfilment of the Site Upgrading Works by the Vendor.</p>

No.	Salient terms of the SPA	Our comments
10.	<p data-bbox="355 286 692 318">Limited Power of Attorney</p> <p data-bbox="355 349 997 837">(i) It is irrevocably agreed between the parties that pending the registration of Transfer in favour of the Purchaser and/or the payment of the Purchase Consideration by the Purchaser, the Vendor shall cause the Proprietor simultaneously with the signing of the SPA, execute a limited power of attorney in favour of the Purchaser in respect of the Land ("Limited PA") authorising the Purchaser to prepare, execute and/or submit the relevant applications for the purpose of the Purchaser's relevant applications up to the building plan approval stage in respect of the Purchaser's proposed development to be carried out on the Land as well as authority to liaise with the Appropriate Authorities in respect of the same.</p> <p data-bbox="355 869 997 1173">(ii) The Vendor hereby consents to the Purchaser for the stamping and registering the Limited PA with the High Court, the land office and the relevant Appropriate Authorities at the Purchaser's own cost and expense provided that if the SPA is terminated for any reason whatsoever or upon the registration of the Transfer in favour of the Purchaser, the Limited PA shall be duly revoked by the Vendor without further notice to the Purchaser.</p> <p data-bbox="355 1205 997 1451">(iii) The Vendor shall simultaneously with the Proprietor's execution of the Limited PA procure the Proprietor to sign in escrow a deed of revocation of power of attorney ("Deed of Revocation of Limited PA") for the purpose of revocation of the Limited PA immediately upon the registration of the Transfer in favour of the Purchaser or upon termination of the SPA.</p>	<p data-bbox="1019 349 1492 654">These terms are reasonable and beneficial to the Purchaser as the Limited PA will enable the Purchaser to prepare, execute and/or submit the relevant applications up to the building plan approval stage for the Development Project as well as the right to liaise with the relevant authorities in respect of the same while pending the transfer of the Land title.</p> <p data-bbox="1019 869 1492 1052">It is reasonable for the Purchaser to bear the cost and expenses in relation to the stamping and registration of the Limited PA with the relevant authorities as the Purchaser is the benefiting party for the Limited PA.</p> <p data-bbox="1019 1205 1492 1330">The revocation of the Limited PA in the event that the SPA is terminated is reasonable as the Purchaser is no longer a party to the SPA.</p> <p data-bbox="1019 1361 1492 1541">The revocation of the Limited PA immediately upon registration of the Transfer is reasonable as the Purchaser will be the registered owner of the Land upon completion of the Transfer.</p>
11.	<p data-bbox="355 1574 663 1606">Termination and breach</p> <p data-bbox="355 1637 718 1668">(i) <u>Parties' right to terminate</u></p> <p data-bbox="416 1700 997 2029">If at any time prior to the expiry of the SPA Cut-Off Date, any of the SPA Conditions Precedent have been refused and an appeal or appeals to the relevant authorities (if applicable) or persons against such refusal have not been successful; or on the expiry of the SPA Cut-Off Date, any of the SPA Conditions Precedent have not been obtained or fulfilled, then either party may terminate the SPA by giving notice in writing to that effect to the other party, the Vendor must return all moneys received by it as part of the</p>	<p data-bbox="1019 1700 1492 1879">These terms are reasonable as both the Purchaser and the Vendor will be entitled to terminate the SPA if the conditions precedent of the SPA are not fulfilled prior to the expiry the SPA Cut-Off Date.</p> <p data-bbox="1019 1910 1492 2029">In such event, the Vendor must return all monies received as part of the Purchase Consideration within 7 days to the Purchaser.</p>

No.	Salient terms of the SPA	Our comments
	<p>Purchase Consideration free of interest to the Purchaser within 7 days of the giving the notice, and thereafter, the parties shall not have any further rights under the SPA except in respect of:</p> <ul style="list-style-type: none"> (a) any obligation under the SPA which is expressed to apply after the termination of the SPA; and (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SPA to either party prior to such termination. <p>(ii) <u>The Vendor's right to terminate</u></p> <p>If the Purchaser default in the satisfaction of the Purchase Consideration or fail or neglect or refuse to perform or comply with any of its obligation in accordance with the provisions of the SPA, the Vendor will be entitled to terminate the SPA by notice in writing to the Purchaser if the Purchaser fail within 14 days of receipt of a notice from the Vendor to remedy the breach or the matter.</p> <p>(iii) <u>The Purchaser's right to terminate</u></p> <p>The Purchaser will be entitled to, at any time after any such default arises, give notice to the Vendor terminating the SPA if –</p> <ul style="list-style-type: none"> (a) the Vendor fails, neglects or refuses to complete the sale in accordance with the provisions of the SPA; (b) the Vendor fails, neglects or refuses to perform or comply with any of its obligations under the SPA; (c) any of the representations or warranties of the Vendor is found to be untrue or inaccurate or misleading and if such breach is capable of being remedied, the Vendor fails, neglects or refuses to rectify such breach within 14 days after the date of the Vendor's receipt of the Purchaser's written notice requiring the Vendor to remedy such breach or such extended period as the Purchaser may agree to but failure to exercise this rights shall not constitute a waiver of any other rights of the Purchaser arising out of any breach of warranties; or 	<div style="text-align: center;">  </div> <p>These terms are reasonable and serve to protect the interest of the Purchaser and the Vendor as it allows both parties to terminate the SPA if either party finds the other party commits any breach of any of the obligations under the SPA which is incapable of remedy within fourteen (14) days of it being given notice to do so.</p> <div style="text-align: center;">  </div>

No.	Salient terms of the SPA	Our comments
	<p>(d) the Transfer cannot be presented or registered for any reasons whatsoever for reasons caused by or attributable to any act, default or omission of the Vendor and/or Proprietor,</p> <p>and the Vendor fails within 14 days of receipt of a notice from the Purchaser to remedy the breach or the matter.</p>	
12.	<p>Consequences of Termination by Purchaser</p> <p>If a notice terminating this Agreement is duly given under item 11 (iii) or in accordance to such other provisions of the SPA, by the Purchaser and the Purchaser elects not to pursue the remedies set out in the SPA, then within 14 days of the giving of the notice:</p> <p>(a) the Purchaser, the solicitors and the financier's solicitors must return or cause to be returned to the Vendor or the solicitors the Transfer and such of the Transfer Documents and Discharge Documents which are as that date in their possession with the Vendor's interest intact, provided that in the event that the Transfer has as at that date been stamped for ad valorem stamp duty in the full amount, the Purchaser or the solicitors shall be entitled to forward the duly stamped Transfer to the collector of stamp duty for cancellation and for a refund of the ad valorem stamp duty so paid by the Purchaser and thereafter to forward the Transfer to the Vendor or the solicitors for cancellation;</p> <p>(b) the Purchaser shall re-deliver to the Vendor vacant possession of the Purchaser's Land or Subject Land, as the case may be, if the same has been delivered to the Purchaser, in the same state and condition as at the date of delivery thereof, and remove and withdraw all caveats or other encumbrances entered or caused to be entered by the Purchaser or the Financier over the Purchaser's Land or Subject Land, as the case may be;</p> <p>(c) in exchange with the Purchaser, the solicitors and the financier's solicitors' simultaneous compliance with the provisions of paragraphs (a) and (b), the Vendor must return all moneys together with any late payment interest received by them as part of the Purchase Price and held by them as at that date, to the Purchaser free from interest; and</p>	<p>These terms are reasonable and are common commercial terms in an agreement for transactions that are similar to the Proposed Acquisition.</p> 

No.	Salient terms of the SPA	Our comments
	(d) in exchange with the Purchaser's, the solicitors and the financier's solicitors' simultaneous compliance with the provisions of paragraphs (a) and (b) above and if the Purchaser elects not to pursue the remedies set out in the SPA, the Vendor must pay an additional sum equivalent to 10% of the Purchase Price as agreed liquidated damages to the Purchaser.	↓

Premised on the above, we are of the view that the salient terms of the SPA are reasonable and not detrimental to the non-interested shareholders of MBC.

9. EVALUATION OF THE PROPOSED JOINT VENTURE

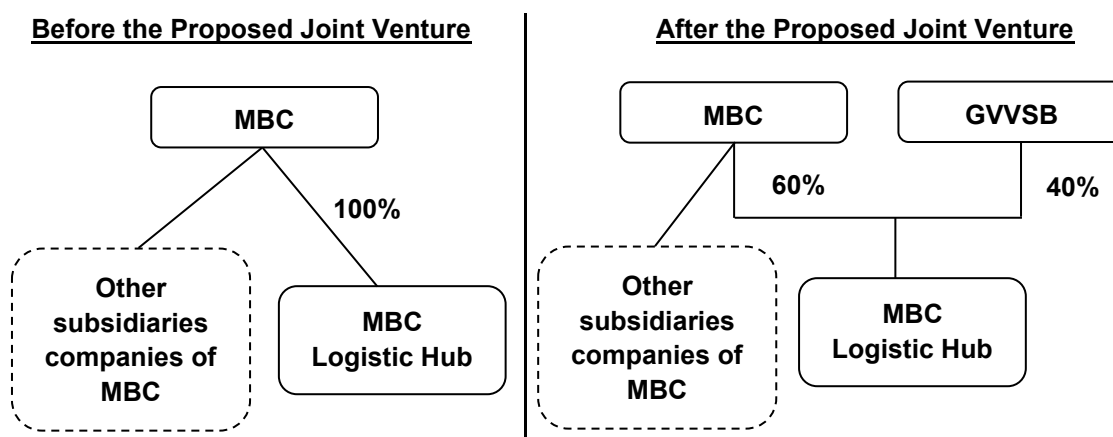
The details of the Proposed Joint Venture are set out in **Section 3, Part A** of the Circular. In evaluating the Propose Joint Venture, we have taken into consideration, amongst others, the following:

- (i) Structure of the Proposed Joint Venture; and
- (ii) Salient terms of the SSA.

9.1 Structure of the Proposed Joint Venture

As disclosed in **Section 3, Part A** of the Circular, we noted that the Proposed Joint Venture is a joint venture arrangement between MBC and GVVSB, wherein both parties entered into the SSA to record their mutual commitments and to regulate their rights in relation to 60:40 joint ownership and operation of MBC Logistic Hub. The Proposed Joint Venture is established for the purpose of venturing into the Industrial Property Business.

The corporate structure of MBC Group before and after the Proposed Joint Venture is summarised as follows:



Pursuant to the terms of the SSA, MBC and GVVSB shall jointly manage MBC Logistic Hub to implement and complete the Development Project in its capacity as the landowner and developer.

Our Comments:

We noted that Dato' Goh is the sole shareholder and beneficiary of GVVSB (which will be a 40% equity owner of MBC Logistic Hub upon completion of the Proposals) and KLSB (being the Vendor of the Proposed Acquisition).

Through the Proposed Joint Venture and Proposed Acquisition, GVVSB will need to pay up to RM66.00 million to fund the Proposed Acquisition via shareholders' advances in MBC Logistic Hub and KLSB will receive RM165.00 million cash consideration from the completion of the Proposed Acquisition. Based on the net effects of this transaction and in view of Dato's Goh's interest in GVVSB and KLSB as mentioned above, Dato' Goh will receive a net cash consideration of up to RM99.00 million (ie. RM 99 million = RM165 million – RM66 million) and at the same time owning 40% equity interest in the Land (through MBC Logistic Hub) upon completion of the Proposals.

Through the Proposed Joint Venture, MBC Group will be able to enter the Industrial Property Business through MBC's 60% equity interest in MBC Logistic Hub. Accordingly, MBC Group will be able to share the cost of acquiring the Land with GVVSB in proportion to the shareholdings of MBC (60%) and GVVSB (40%) in MBC Logistic Hub. Without the Proposed Joint Venture, MBC Group would have to pay the full cash consideration of RM165.00 million in the event that it undertakes a direct acquisition of the Land on its own (i.e. for 100% ownership of the Land) which would require a higher cash outlay.

We also noted in **Section 3.7, Part A** of the Circular that MBC Logistic Hub is expected to fund the Development Project via bank borrowings as well as shareholders' advances from MBC and GVVSB in proportion to their shareholdings in MBC Logistic Hub. MBC expects to finance the said shareholders' advances from its internally-generated funds and/or the proceeds from the potential sale of Alam Kekal vessel. As at LPD, we noted that MBC had on 5 September 2023 announced that Kekal Shipping Pte Ltd, an indirect wholly-owned subsidiary of MBC, had entered into an agreement with a third party for the disposal of Alam Kekal vessel for a cash consideration of JPY4.43 billion (equivalent to approximately RM140.06 million). The disposal of Alam Kekal vessel was completed on 16 October 2023. In the event that internally-generated funds and/or proceeds from the sale of Alam Kekal are insufficient to fund MBC's share of cost of the Development Project, MBC have the option to obtain bank borrowings in view of its improving financial position as explained in **Section 7** of this IAL.

MBC Logistic Hub, being a 60% owned subsidiary of MBC upon completion of the Proposals, will also be able to leverage on MBC to obtain bank borrowings in future development projects for the Industrial Property Business.


In addition, as the Group has not been involved in any property development and/or property investment activities in the past, the Proposed Joint Venture will allow MBC to tap the experience of Dato' Goh, being the director and sole shareholder of GVVSB who has over 25 years of experience in the development of industrial properties.

Premised on the above, we are of the view that the structure of the Proposed Joint Venture is reasonable.


9.2 Salient Terms of the SSA



The salient terms of the SSA are disclosed in **Appendix III, Part A** of the Circular. The following sets out only a summary of the material salient terms of the SSA that was considered by us and non-interested shareholders of MBC are advised to read **Appendix III, Part A** of the Circular in its entirety.



No.	Salient terms of the SSA	Our comments																									
1.	<p>SSA Conditions Precedent</p> <p>The SSA is subject to the following conditions being obtained / fulfilled within 3 months from the date of the SSA ("SSA Cut-off Date"):</p> <p>(e) the approval of the shareholders of MBC at an EGM to be convened for the subscription, allotment and issuance of the Subscription Shares (as defined below) and the Proposed Acquisition in accordance with the terms of the SPA; and</p> <p>(f) if/where applicable, any other approvals, waiver or consents of any authorities or parties as may be required by law or regulations or deemed necessary by the parties at the cost and expense of the party applying for such approval.</p>	<p>These terms are reasonable as the conditions precedent of the SSA are the requisite approvals required to be fulfilled by the parties of the SSA to complete the Proposed Joint Venture.</p> <p>We are of the view that a time period of 3 months is reasonable for the parties of the SSA to fulfill the conditions precedent of the SSA.</p>																									
2.	<p>Subscription, allotment and issuance of Subscription Shares</p> <p>(a) Within 14 days from the SSA Unconditional Date, MBC and GVVSB shall subscribe for a total of 99,999 new ordinary shares in the JV Company ("Subscription Share(s)") at the aggregate subscription price of RM59,999 and RM40,000 respectively, payable in cash at an issue price of RM1.00 per share in the following proportions:</p> <table><tr><td></td><td>No. of shares held as at the date of SSA</td><td>No. of Subscription Shares</td><td>Resultant number of shares</td><td>Share-holding proportions</td></tr><tr><td>Party</td><td></td><td></td><td></td><td>(%)</td></tr><tr><td>MBC</td><td>1</td><td>59,999</td><td>60,000</td><td>60</td></tr><tr><td>GVVSB</td><td>Nil</td><td>40,000</td><td>40,000</td><td>40</td></tr><tr><td>Total</td><td>1</td><td>99,999</td><td>100,000</td><td>100</td></tr></table> <p>(b) The JV Company shall, immediately upon the subscription and payment of the corresponding portion of the subscription sums by MBC and GVVSB, allot and issue to MBC and GVVSB the Subscription Shares ("Subscription Date").</p>		No. of shares held as at the date of SSA	No. of Subscription Shares	Resultant number of shares	Share-holding proportions	Party				(%)	MBC	1	59,999	60,000	60	GVVSB	Nil	40,000	40,000	40	Total	1	99,999	100,000	100	<p>These terms are reasonable as it is mutually agreed between MBC and GVVSB that they will jointly subscribe to the shares of MBC Logistic Hub based at a 60:40 ratio at RM1.00 per share pursuant to the terms of the SSA.</p> <p>These terms also set out the obligation of the parties in the SSA in relation to the payment of the share subscription and the allotment of the shares by MBC Logistic Hub upon receipt of payment.</p> <div></div>
	No. of shares held as at the date of SSA	No. of Subscription Shares	Resultant number of shares	Share-holding proportions																							
Party				(%)																							
MBC	1	59,999	60,000	60																							
GVVSB	Nil	40,000	40,000	40																							
Total	1	99,999	100,000	100																							


No.	Salient terms of the SSA	Our comments						
3.	<p>Save as agreed by the shareholders of the JV Company, the respective shareholdings of the shareholders in the Company (based on the number of Subscription Shares held) shall, after completion and at all times throughout the duration of the SSA, be maintained in the following Shareholding Proportions:</p> <table><tr><th>Shareholders</th><th>Shareholding Proportions</th></tr><tr><td>MBC</td><td>60%</td></tr><tr><td>GVVSB</td><td>40%</td></tr></table>	Shareholders	Shareholding Proportions	MBC	60%	GVVSB	40%	<p>This term is reasonable as it is mutually agreed between MBC and GVVSB that they will maintain their shareholding proportion at a 60:40 ratio throughout their relationship as joint venture partners in MBC Logistic Hub.</p> <p>In the event of any changes in their respective shareholding proportions, both parties will have to negotiate and mutually agree.</p>
Shareholders	Shareholding Proportions							
MBC	60%							
GVVSB	40%							
4.	<p>Responsibilities of MBC and GVVSB</p> <p>(a) MBC and GVVSB will each, through the respective Directors nominated and appointed by them, appoint a management team which shall primarily be responsible for the day-to-day operations of the JV Company, and such management team shall include personnel who are competent in the field of the Industrial Property Business.</p> <p>(b) MBC will, on behalf of the JV Company, primarily be responsible for managing and supervising the carrying out of the Business and procuring that all necessary approvals and/or consents from the relevant authorities in respect of the Land for the purpose of maintaining and promoting the Industrial Property Business shall be obtained.</p> <p>(c) MBC and GVVSB shall each provide all reasonable assistance and do all such acts and things reasonably necessary to facilitate the carrying out the Industrial Property Business and the Proposed Acquisition.</p> <p>Notwithstanding the above, the responsibilities of MBC and GVVSB as shareholders of the JV Company may be varied and re-negotiated by way of supplemental agreements or in other forms of written agreements subject to changes in their respective Shareholding Proportions.</p>	<p>We are of the view that these terms are reasonable as it clearly sets out the roles and responsibilities of the parties of the SSA pursuant to the Proposed Joint Venture.</p> <p>In the event of any changes in the roles and responsibilities of the parties of the SSA, they will have to negotiate and mutually agree by way of supplemental agreements and/or other forms of written agreement.</p> 						
5.	<p>Initial financing required to complete the Proposed Acquisition</p> <p>(a) In connection with the Proposed Acquisition, MBC and GVVSB shall each provide or procure funding to enable the JV Company to make payment of the Purchase Consideration and to complete the Proposed Acquisition, in accordance with the Shareholding Proportions.</p>	<p>We noted that the funding required by MBC Logistic Hub from MBC and GVVSB to finance the Proposed Acquisition are reasonable as they are proportionate to the shareholdings of MBC and GVVSB in MBC Logistic Hub and consistent with the terms of the SPA.</p>						

No.	Salient terms of the SSA	Our comments												
	<p>(b) Funding shall be provided in the following manner or in such other manner to be mutually agreed on by the parties:</p> <p>(1) Within 30 days from the Subscription Date, each MBC and GVVSB shall advance an initial sum of RM600,000 and RM400,000 respectively, which shall be deposited into the bank account of the JV Company and be utilised as initial working capital expenses.</p> <p>(2) MBC and GVVSB shall each make payment towards the total purchase consideration of the Land in their respective shareholding proportions, and all such funding shall be provided in accordance with the payment terms and timeline for payment of the purchase consideration for the Proposed Acquisition as set out in the SPA.</p> <p>The total sum payable by each shareholder of the JV Company is set out as follows:</p> <table> <tr> <th>Shareholders</th><th>Shareholding Proportions</th><th>Total Purchase Consideration (RM)</th></tr> <tr> <td>MBC</td><td>60%</td><td>99,000,000</td></tr> <tr> <td>GVVSB</td><td>40%</td><td>66,000,000</td></tr> <tr> <td>Total</td><td></td><td>165,000,000</td></tr> </table> <p>(c) All costs, fees and expenses, including taxes payable to the relevant authorities and/or third parties incurred in relation to and/or ancillary to the Proposed Acquisition, shall be borne and paid by the JV Company out of the funding to be provided or procured by the shareholders of the JV Company and if either shareholder shall initially pay or settle such costs, fees and expenses, the shareholders shall procure that such costs, fees and expenses shall be funded by MBC and GVVSB in their Shareholding Proportions and reimbursed by the JV Company.</p> <p>(d) In the event that the SPA is terminated by either party to the SPA, and KLSB is liable to make any return of the monies received by it to the JV Company, each MBC and GVVSB shall be entitled to receive such sum which was paid/advanced by them in accordance with their Shareholding Proportions.</p>	Shareholders	Shareholding Proportions	Total Purchase Consideration (RM)	MBC	60%	99,000,000	GVVSB	40%	66,000,000	Total		165,000,000	<p>We also noted that other fundings required by MBC Logistic Hub to operate the company are reasonable as they are proportionate to the shareholdings of MBC and GVVSB in MBC Logistic Hub.</p> <p style="text-align: center;">↓</p> <p>This term is reasonable as MBC and GVVSB are the parties that are funding the Proposed Acquisition and such refund should be made proportionate to their shareholdings in MBC Logistic Hub.</p>
Shareholders	Shareholding Proportions	Total Purchase Consideration (RM)												
MBC	60%	99,000,000												
GVVSB	40%	66,000,000												
Total		165,000,000												

No.	Salient terms of the SSA	Our comments
6.	<p>Appointment and removal of Directors</p> <p>(a) Except as otherwise provided in the SSA and subject to the items (b) and (c) below –</p> <p>(i) MBC will, while it remains as a shareholder, be entitled to nominate and appoint 2 Directors; and</p> <p>(ii) GVVSBS will, while it remains as a shareholder, be entitled to nominate and appoint 1 Director.</p> <p>and each Director shall hold office for such term as may be determined by that shareholder who appointed him and shall not be subject to retirement by rotation. Each shareholder shall be entitled to replace and re-nominate and appoint directors in place of their first and subsequently nominated Directors.</p> <p>(b) The shareholders shall use their voting rights to ensure that the persons nominated shall be appointed to the Board.</p> <p>(c) Subject to the provisions of the Companies Act, a shareholder shall be entitled at any time and from time to time to remove any Director so appointed by that Shareholder and appoint a fresh Director in his place and to appoint a fresh Director in the event of any Director appointed by that Shareholder is resigning, dying, retiring or otherwise ceasing to hold office as a Director by giving at least 30 days' prior notice in writing to such effect to the Board. The Board shall convene a meeting and pass the relevant resolution upon receipt of the notice from the shareholder.</p>	<p>These terms are reasonable as it serves to protect the interest of MBC by ensuring that MBC has board and management control in MBC Logistic Hub.</p> 
7.	<p>Restriction on transfers</p> <p>No shareholder of the JV Company may during the term of the SSA, sell, transfer, assign, charge, mortgage, lien over, pledge, encumber, grant options over or otherwise dispose of encumber any of its shares without (1) the prior written consent of the other shareholder or (2) complying with the provisions of the SSA.</p> <p>Save for the transfers in case if a shareholder which is a corporation to a related company permitted pursuant to the provisions of the SSA, if at any time any shareholder wishes to sell, transfer or otherwise dispose of any of its Shares, a shareholder wishing to sell or transfer any Shares ("Selling Shareholder") must give a notice of its desire ("Sale Notice") to the other shareholder.</p>	<p>This term is reasonable and serve to protect the interest of the parties of the SSA as no shareholder of MBC Logistic Hub is permitted to sell or transfer its shares in the company without obtaining consent from the other shareholder of MBC Logistic Hub.</p> <p>We also noted that any shareholder of MBC Logistic Hub who wishes to sell its shares in the company is first required to offer to sell its shares to the other shareholder of MBC Logistic Hub.</p>

No.	Salient terms of the SSA	Our comments
	<p>the Sale Notice must –</p> <ul style="list-style-type: none"> (a) specify the shares the Selling Shareholder proposes to sell or transfer; (b) offer to sell all those shares to the other shareholder pro rata in proportion to the Shareholding Proportions held by the other shareholder (i.e. the shareholder other than the Selling Shareholder); (c) state the price of the shares offered for sale; and (d) state the identity of the third party (if any) to which the Selling Shareholder wishes to sell those Shares in the event the other shareholders do not purchase all of the Shares to be sold or transferred pursuant to that Sale Notice. 	<p>If the offer is declined by the other shareholder of MBC Logistic Hub, the Selling Shareholder can then offer to sell its shares to a third-party.</p> 
8.	<p>Right to terminate</p> <p>MBC and/or GVVSB may mutually agree in writing to extend the SSA Cut-Off Date for an additional 3 months from the SSA Cut-Off Date or more, or alternatively, either party may terminate the SSA by giving notice in writing to that effect to the other party, whereupon the parties shall not have any further rights under the SSA except in respect of any obligations under the SSA which is expressed to apply after the termination of the SSA; or any rights and obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination if:</p> <ul style="list-style-type: none"> (a) on the expiry of the SSA Cut-Off Date, any of the SSA Conditions Precedent shall have not been obtained or fulfilled; or (b) at any time prior to the expiry of the SSA Cut-Off Date, any of the approvals or consents referred to above shall have been granted subject to terms and conditions which are not acceptable MBC being terms and conditions which affect MBC, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and MBC is not willing to accept such terms and conditions then imposed by the relevant authorities or persons. 	<p>These terms are reasonable as both MBC and GVVSB will be entitled with the rights to extend the SSA Cut-Off Date or terminate the SSA with mutual agreement in writing. The terms serve to protect the interest of each party.</p> <p>In the event of termination of the SSA, the parties shall have no further rights or obligations under the SSA.</p> 
9.	<p>Deemed termination events</p> <p>The SSA shall be deemed terminated upon occurrence of any of the following events –</p> <ul style="list-style-type: none"> (a) the termination of this agreement by mutual written consent of all the shareholders of the JV Company; 	<p>These terms are reasonable as they establish the conditions for the termination of the SSA. These conditions are set out upfront to avoid disputes and serve to safeguard the interest of the parties of the SSA.</p>

No.	Salient terms of the SSA	Our comments
	<p>(b) the winding-up of the JV Company where an effective resolution is passed unanimously by the shareholders to wind-up the JV Company, or if a liquidator is otherwise appointed, other than to effect any corporate rescue mechanism provided under the Companies Act; or</p> <p>(c) all shares being held by one shareholder at any time in accordance with this agreement after completion of the Subscription.</p>	
10.	<p>Termination arising from default</p> <p>In the event that a shareholder of the JV Company (the “Defaulting Shareholder”) –</p> <p>(a) commits any material breach of any of its obligations under the SSA and fails to take appropriate steps to remedy such breach (if capable of remedy) within 21 days after being given notice so to do by the other non-defaulting shareholder (“Non-Defaulting Shareholder”) or if such breach is not capable of remedy at the time of the breach;</p> <p>(b) assigns, transfers or disposes of any of its shares in the JV Company in violation of the terms and conditions of this agreement;</p> <p>(c) goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation) or becomes a wound-up company; or</p> <p>(d) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors,</p> <p>then any other shareholder (other than the Defaulting Shareholder) will be entitled (but not after 30 days of the event in question first coming to the attention of the shareholder entitled to give the notice) to give a notice to the Defaulting Shareholder (“Default Notice”).</p>	<p>These terms are reasonable as they are common commercial terms in an agreement for transactions that are similar to the Proposed Joint Venture.</p> 
11.	<p>Default Buy-Sell Notice</p> <p>At any time within 30 days of the service of the Default Notice pursuant to item 10 above, the Non-Defaulting Shareholder will be entitled to give written notice (a “Default Buy-Sell Notice”) to the Defaulting Shareholder, and upon service of a Default Buy-Sell Notice, the Non-Defaulting Shareholder shall at its discretion be entitled to any one of the following remedies:</p>	<p>These terms are reasonable as it serves to protect the interest of the Non-Defaulting Shareholder.</p>

No.	Salient terms of the SSA	Our comments
	<p>(a) require the Defaulting Shareholder to purchase all the shares of the Non-Defaulting Shareholder in MBC Logistic Hub at a purchase price to be determined by the auditors appointed, equivalent to 120% of the fair value of such shares (as may be determined in accordance with the provisions of the SSA) ("Fair Value"), provided that if the Fair Value of all the shares of the Non-Defaulting Shareholder is zero or a negative amount, the purchase price for all the shares shall be RM1.00; or</p> <p>(b) purchase all the shares of the Defaulting Shareholder in MBC Logistic Hub pro rata in proportion to the Shareholding Proportions as set out in item 3 above held by the Non-Defaulting Shareholder at a purchase price to be determined by the auditors appointed, equivalent to 80% of the Fair Value of such shares, provided that if the Fair Value of all the shares of the Non-Defaulting Shareholder is zero or a negative amount, the purchase price for all the shares shall be RM1.00; or</p> <p>(c) serve a dissolution notice in respect of MBC Logistic Hub on the Defaulting Shareholder and terminate the SSA with immediate effect, in which event MBC and GVVSB shall, where practicable, having regard to requirements of law, take all such steps as may be necessary to render MBC Logistic Hub solvent and then to forthwith wind up MBC Logistic Hub voluntarily.</p> <p>If any funds are required in order to render MBC Logistic Hub solvent, the funds shall be provided by MBC and GVVSB respectively in accordance with the Shareholding Proportions at the time of serving such dissolution notice.</p> <p>The costs of the dissolution and liquidation shall be paid out of the surplus assets of MBC Logistic Hub and without prejudice to any rights and liabilities which shall have accrued or been incurred up to that time, the Defaulting Shareholder shall be entitled to only 20% of its Shareholding Proportions of the balance surplus asset available for distribution and the remaining 80% shall be distributed to the Non-Defaulting Shareholder as agreed liquidated damages in addition to the Non-Defaulting Shareholder's Shareholding Proportion. Where no such surplus exists then such costs shall be borne by MBC and GVVSB respectively in accordance with the Shareholding Proportions as at the time of serving of such dissolution notice.</p>	

No.	Salient terms of the SSA	Our comments
	(d) For the purposes of any purchase of shares to be effected pursuant to the provisions of this clause, the Defaulting Shareholder and Non-Defaulting Shareholder must obtain/fulfil all applicable conditions precedent in relation to the sale and purchase of such shares within a period of 90 days following the date of the Default Buy-Sell Notice and the completion of the sale and purchase of the relevant shares shall take place within a further period of 60 days after the obtaining/fulfilment of all applicable conditions precedent at the registered office of MBC Logistic Hub and on such Business Day within such 60 days period as the Defaulting Shareholder and Non-Defaulting Shareholder shall agree in writing or failing such agreement, on the last day of such 60 days period.	↓

Premised on the above, we are of the view that the salient terms of the SSA are reasonable and not detrimental to the non-interested shareholders of MBC.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

10. EVALUATIONS OF THE PROPOSED DIVERSIFICATION

As at the LPD, the Group has not been involved in the property development and/or property investment business and does not have prior experience in the past. Moving forward, the Board anticipates that the Industrial Property Business may contribute 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the NA of the Group moving forward. As such, the Company intends to seek its shareholders' approval for the Proposed Diversification.

We note that the Proposed Diversification is in line with the Group's future plan to diversify its existing business to include Industrial Property Business, in which the Group will undertake property development and/or property investment projects as and when the opportunities arise in the future. Upon completion of the Proposals, the Industrial Property Business will become a new business segment to the Group, which is expected to generate additional income stream for the Group.

Despite the Group having no prior experience in the Industrial Property Business, the Group will be able to tap on the experience of Dato' Goh, being the director and sole shareholder of GVVSB who has over 25 years of experience in the development of industrial properties. We also noted that the Group's venture into the Industrial Property Business shall be spearheaded by Ooi Teik Huat, the Executive Director and Chief Financial Officer of MBC Group.

Moving forward, upon successful implementation of the Proposed Diversification, the Group intends to appoint additional personnel to assist the aforesaid key management personnel to manage the Industrial Property Business. The recruitment plan will depend on the size and requirements of the future development projects to be undertaken by the Group and the availability of suitable candidates. The Industrial Property Business will also be run independently by MBC Logistic Hub.

While we note that MBC Group has since FYE 2019 downsized its dry bulk shipping fleet from 14 vessels to 1 vessels up to the LPD, we noted that the Group intends to continue with its existing business in the Dry Bulk Shipping Business and does not have any intention to increase its fleet size in the near future. As such, non-interested shareholders of MBC should take note that moving forward, the revenue contribution from Dry Bulk Shipping Business will, to a certain extent, be impacted as MBC Group will be operating with only 1 vessel (ie. Alam Kuasa) which is currently performing a long-term charter from 2019 to 2031 to a third-party for the transport of coal.

Upon completion of the Proposals, the Group will operate with three (3) business segments (ie. Dry Bulk Shipping Business, EMTS Business and Industrial Property Business). Non-interested shareholders of MBC should take note that the financial performance of MBC Group moving forward will be dependent on the performance of its 3 business segments which is subject to risks and uncertainties which are not within the Group's control such as change in government policies, inflation, interest rate hikes and price fluctuation of raw materials.

Premised on the above and after taking into consideration the industry outlook of the industrial property market in Malaysia and Selangor and the prospects of MBC Group as set out in Section 12.3 and Section 12.4 of this IAL, we are of the view that the Proposed Diversification is reasonable and not detrimental to the non-interested shareholders of MBC.

11. EFFECTS OF THE PROPOSALS

In evaluating the Proposals, we have taken note of the effects of the Proposals as set out in **Section 8, Part A** of the Circular. Our comments on the effects of the Proposals are as follows:

(i) Issued share capital and substantial shareholders' shareholdings

The Proposals will not have any effects on the issued share capital and substantial shareholders' shareholdings of MBC as the Proposals do not involve any issuance of new shares by MBC.

(ii) NA and gearing

The Proposals will not have any immediate material effects on the NA per Share and gearing of MBC Group as it does not entail any change to the equity structure or borrowings of MBC Group. However, as disclosed in **Section 2.6 and Section 3.7, Part A** of the Circular, we noted that MBC Logistic Hub intends to fund part of the Purchase Consideration and cost of the Development Project via bank borrowings and/or shareholders' advances from MBC and GVVSB in proportion to their shareholding in MBC Logistic Hub. In the event that MBC Logistic Hub and/or MBC obtains bank borrowings for the abovementioned reasons, the gearing of the Group will increase. Nevertheless, the actual increase in the gearing level will depend on the actual quantum of bank borrowings procured by the Group.

For illustrative purposes, in the event that MBC Logistic Hub obtains borrowings amounting to RM132 million to fund 80% of the Purchase Consideration (i.e. RM165 million x 80%), the Group's borrowings and lease liabilities will increase from RM1.25 million as at 30 June 2023 to RM133.25 million. Accordingly, the Group is estimated to incur interest expenses of RM8.58 million per annum based on an assumed interest rate of 6.5% per annum (source: management of MBC). The annual interest expense will gradually reduce subject to the repayment of the term loan over time.

(iii) Earnings and EPS

Save for the estimated expenses in relation to the Proposals, the Proposals are not expected to have a material impact on the consolidated earnings of MBC immediately upon completion of the Proposals.

Moving forward, the effects of the Proposals on the consolidated earnings and earnings per Share of MBC Group is dependent on the amount of net profits generated from the Industrial Property Business. The Proposed Joint Venture will allow MBC Group to consolidate 60% of the profits/losses generated by MBC Logistic Hub through the Industrial Property Business.

Based on the above, the overall effects of the Proposals are reasonable and not detrimental to the non-interested shareholders of MBC.

12. INDUSTRY OVERVIEW AND PROSPECTS

We take cognisance of the outlook of the Malaysian economy and the industrial property market in Malaysia and Selangor as well as the prospects and future plans of MBC Group as set out in **Section 6, Part A** of the Circular.

12.1 Overview and Outlook of the Malaysian Economy

The global gross domestic product (“**GDP**”) growth in 2022 moderated to 3.4%, reflecting the economic slowdown in advanced economies as well as emerging market and developing economies. Despite the softened global growth, Malaysia’s economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and an improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities, which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors, primarily the services and manufacturing, have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia’s major trading partners.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia’s economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand, primarily private expenditure, as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025. However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction, are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia’s performance. Overall, the nation’s GDP is forecast to grow approximately 4.5% in 2023.

(Source: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance of Malaysia)

Headline inflation has continued to moderate to 2.8% in 2Q 2023 from the peak of 4.5% in 3Q 2022 amid lower cost factors. While core inflation has also moderated, it has been more persistent and remains elevated relative to the long-term average, amid lingering demand and cost factors. For the second half of 2023, both headline and core inflation are projected to trend lower within expectations, partly due to the higher base in the corresponding period last year. Nonetheless, risks to the inflation outlook remain subject to the changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

At the July Monetary Policy Committee (“**MPC**”) meeting, the MPC decided to maintain the Overnight Policy Rate (“**OPR**”) at 3.00 percent. At the current OPR level, the MPC deemed the monetary policy stance to be slightly accommodative and remain supportive of the economy. The MPC continues to see limited risks of future financial imbalances. The MPC remains vigilant to ongoing developments, and will continue to monitor incoming data to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

(Source: BNM Quarterly Bulletin 2Q 2023, Bank Negara Malaysia)

12.2 Overview and Outlook of the Property Market in Malaysia

More than 389,000 transactions worth RM179.07 billion were recorded, showing an increase of 29.5% in volume and 23.6% in value compared to last year. Residential sub-sector led the overall property market activity, with 62.5% contribution in volume. There were 243,190 transactions worth RM94.28 billion recorded in the review period, increased by 22.3% in volume and 22.6% in value year-on-year. The improvement was supported by the uptrend recorded in Pulau Pinang (31.1%), Johor (24.3%), Perak (18.9%), WP Kuala Lumpur (18.4%) and Selangor (15.9%). Commercial property segment recorded 32,809 transactions worth RM32.61 billion in 2022, increased by 46.3% in volume and 16.7% in value compared to last year. Shops formed more than half of these transactions (16,862 transactions worth RM14.2 billion); mostly were in Selangor (19.0%) and Johor (17.1%).

More than 54,000 units of new launches were recorded. The total was higher than 43,860 units recorded in 2021 but lower compared to pre-pandemic years. Sales performance was moderate at 36.0%. Selangor recorded the highest number of new launches in the country, capturing 20.7% (11,176 units) of the national total with sales performance at 26.9%. WP Kuala Lumpur recorded the second highest number (10,324 units, 19.1% share) with sales performance at 47.2%. Johor came third (7,718 units, 14.3% share) with sales performance at 42.6%. Condominium/apartment units dominated the new launches, capturing 45.0% (24,366 units) of the total, followed by terraced houses (42.2%) comprising single-storey (9,422 units) and two to three-storey (13,403 units).

The residential overhang numbers reduced to 27,746 units worth RM18.41 billion as at Q4 2022, down by 24.7% and 19.2% in volume and value respectively (Q4 2021: 36,863 worth RM22.79 billion). Johor retained the highest number and value of overhang in the country with 5,285 units worth RM4.33 billion, accounting for 19.0% and 23.5% of the national volume and value respectively. Selangor (3,698 units worth RM3.36 billion), Pulau Pinang (3,593 units worth RM2.74 billion) and WP Kuala Lumpur (3,429 units worth RM3.15 billion) followed suit. Nevertheless, the overhang volume in all four states reduced, each down by 13.8%, 39.3%, 34.6% and 12.2% compared to last year, mainly due to the absorption of supplies in the affordable price bracket (RM300,000 and below). On the same note, serviced apartments saw a marginal reduction of 1.3% in both volume and value to record at 23,978 overhang units worth RM20.19 billion. Johor recorded the highest volume in the country with 58.9% share (14,132 units) and 60.6% share in value (RM12.23 billion) but the overhang volume and value reduced by 14.2% and 13.5% respectively.

(Source: Property Market Report 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)

12.3 Overview and Outlook of the Industrial Property Market in Malaysia and Selangor

In the last few years and during the Covid-19 pandemic, Malaysia's industrial property sector has been doing well with good resilience throughout. It has continued to improve, with growth supported by the e-commerce and manufacturing sectors.

While demand for warehouses and logistics facilities has been strong since the pandemic, the reopening of the country's borders in April last year has had an even more positive impact on the sector, as reflected in the transaction data.

According to the National Property Information Centre, there was a transaction volume of 6,043 units of industrial properties in the first nine months of 2022 with an accumulated transaction value of RM15.2 billion, compared with the full-year transaction volume of 5,595 units and total value of RM16.9 billion in 2021.

Businesses continued to expand, creating demand for more storage capacity, predominantly in warehouses and e-fulfilment centres. The performance of industrial spaces augurs well for the sector going into 2023 and demand is expected to grow further. The sector is still the darling of the property market.

For industrial properties, greater Kuala Lumpur and Johor are the top three areas, representing almost 60% of the existing industrial property supply as at 3Q2022. "According to the Malaysian Investment Development Authority, the country secured RM194 billion in approved investments in the first nine months of 2022, with Selangor and Johor heading the investment list.

In terms of Greater Kuala Lumpur, the scarcity of land in established industrial areas such as Petaling Jaya, Subang Jaya and Puchong has encouraged investors and developers to explore alternative areas. These are primarily located in the north and south such as Klang and Shah Alam, which have remained industrial property hotspots in the region due to their proximity to Port Klang while being surrounded by an existing market with a large talent pool.

(Source: "Industrial property segment continues to thrive", the Edge Malaysia, <https://theedgemaalaysia.com/node/658497>, published 21 March 2023).

12.4 Prospects of MBC Group

We noted from **Section 6.4, Part A** of the Circular that moving forward, the Group expects the dry bulk charter rates to be lower as compared to FYE 2022 as congestion has eased to pre-pandemic levels coupled with high levels of domestic coal production in China that will limit demand for dry bulk shipping of coal as China reduces its imports. Notwithstanding the above, the Group intends to continue with its existing Dry Bulk Shipping Business and have in recent years carried out an asset optimisation strategy to minimise vessel downtime by operating a smaller fleet of vessels as well as improve operational efficiency and cost management by selling older, less fuel efficient vessels. In addition, in order to minimise the risk arising from fluctuations in dry bulk charter rates, Group's remaining bulk carrier, Alam Kuasa, is performing a long-term charter from 2019 to 2031 to a third-party for the transport of coal. Moving forward, the Group will maintain its existing core business of the ownership and operation of vessels and ship management and continue to operate Alam Kuasa but does not have any intention of increasing its fleet size in the near future.

We also noted that as part of the Group's efforts to mitigate the risk of overdependence on its existing Dry Bulk Shipping Business, the Group intends to diversify into the Industrial Property Business. Upon completion of the Proposals, the Group intends to undertake the Development Project on the Land which is intended to be developed with industrial buildings comprising 3 warehouses to be leased to third-party tenants for rental income.

We also noted that the Group views the Development Project as synergistic with the EMTS Business as it provides the Group with opportunities to cross-sell EMTS' products such as industrial racking and storage solutions to tenants who decides to rent the warehouses from the Group.

Our Comments:

Whilst dry bulk charter rates continue to be volatile and is expected to impact the performance of the Dry Bulk Shipping Business moving forward, we are of the view that the revenue contribution to be generated from the Industrial Property Business, will to a certain extent, reduce the Group's dependence on the Dry Bulk Shipping Business. Following the acquisition of EMTS in 2023, the EMTS Business will also be an additional revenue stream for the Group.

The Proposals also represents an opportunity for the Group to enter the Industrial Property Business underpinned by the positive outlook of the Property Market in Malaysia and Industrial Property Market in Malaysia and Selangor as explained in **Section 12.3** of this IAL.



As for the Development Project, it is intended to serve as the Group's maiden foray into industrial properties and a stepping stone towards undertaking more similar projects in the future to expand its Industrial Property Business. While we note that the Group has intention to undertake the Development Project on the Land, we wish to highlight that as at the LPD, the conceptual plan for the Development Project is still at a preliminary stage and subject to finalisation. Subject to the completion of the SPA, the Group expects the application for development order of the Development Project to be submitted by the 4th quarter of 2023.

In addition, we also note that the Group intends to cross-sell EMTS Business' products to the prospective tenants of the warehouses to be built in the Development Project. We view this as a favourable strategy as EMTS specialises in providing industrial storage solutions for a range of customers which includes warehouses. EMTS has also in the past assisted both local and international companies in designing, fabricating, installing, and commissioning their warehousing solutions in Malaysia. As such, this synergistic opportunity is likely to bode well for the EMTS Business.

Nevertheless, we wish to highlight that the Proposed Diversification into the Industrial Property Business is subject to risks and uncertainties which are not within the Group's control such as change in government policies, inflation, interest rate hikes and price fluctuation of construction raw materials and availability of tenants to rent the warehouses of the Development Project. The occurrence of any of such events may impact the performance of the Industrial Property Business and may adversely affect MBC Logistic Hub's financial performance. There shall also be no guarantee that the anticipated benefits from the Industrial Property Business will be realised by MBC Logistic Hub in the foreseeable future.

Premised on the above, we are of the view that the prospects of MBC Group following the completion of the Proposals is positive.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

13. RISK FACTORS ASSOCIATED WITH THE PROPOSALS

In evaluating the Proposals, non-interested shareholders of MBC should carefully consider the risk factors as set out in **Section 7, Part A** of the Circular.

The performance of the Industrial Property Business for the Group is dependent largely on the abilities, skills, experience and competency of the key personnel involved, taking into consideration the technical expertise required for the business. By undertaking the Proposals, this also would expose the Group to potential additional risks, which amongst others, include risks inherent to the industrial property market in Malaysia and Selangor, such as inflation, interest rate hikes, industrial property overhang, price fluctuations in construction raw material, market demand and/or regulatory environment and availability of tenants to rent the warehouses of the Development Project.

As part of the Group's mitigation action, MBC Group has established a specialised team for its Industrial Property Business which shall be spearheaded by Ooi Teik Huat, the Executive Director and Chief Financial Officer of MBC. He will be supported by Chua Boon Pin and Lim Eng Poh, the key management personnel identified by the Group who will be responsible for overseeing the day-to-day operations of the Industrial Property Business. The profiles of the management team are disclosed in **Section 4, Part A** of the Circular.

In addition, MBC Group will also tap on the experience of Dato' Goh, being the director and sole shareholder of GVVS. Accordingly, he has over 25 years of experience in the development of industrial properties.

While we noted that measures would be taken by MBC to mitigate such risks associated with the Proposals, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.

In evaluating the Proposals, non-interested shareholders of MBC should carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolutions pertaining to the Proposals at the forthcoming EGM. Non-interested shareholders of MBC should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

14. CONCLUSION AND RECOMMENDATION

You should carefully consider the terms of the Proposals based on all relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAL, the Circular and any other publicly available information.

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors which are summarised as follows:

Section in this IAL	Area of evaluation	Our evaluation						
Section 7	Rationale of the Proposals	<p>Prior to 2023, MBC Group’s revenue was mainly derived from the provision of freight services for charters. The charter rates for the Dry Bulk Shipping Business are dependent upon the demand and supply of commodity items such as coal, grains, iron ore and other commodities. As a result of this, charter rates tend to be volatile and have resulted in uneven revenue and profitability recorded by the Group.</p> <p>In view that charter rates are unpredictable in nature, a sudden movement in charter rates will have a significant impact on the financial performance of MBC Group. As such, we noted that MBC intends to look for new business opportunities to mitigate the risk of overdependence on its existing Dry Bulk Shipping Business.</p> <p>In addition, MBC Group’s financial position has improved significantly from FYE 2019 to 6-month FPE 30 June 2023. Based on the Group’s audited FYE 2019 and unaudited 6-month FPE 30 June 2023, the Group’s cash and cash equivalents have increased from RM79.48 million as at 31 December 2019 to RM196.23 million as at 30 June 2023 and the Group’s gearing ratio has improved from 1.58 times as at 31 December 2019 to 0.0024 times as at 30 June 2023.</p> <p>The current cash position and debt level of MBC Group will allow the Group to explore options to acquire new assets and/or businesses. Accordingly, the Proposals represent an opportunity for the Group to diversify its revenue stream and facilitate the expansion of the Group’s business.</p> <p>Based on the above, we are of the view that the rationale of the Proposals are <u>reasonable</u>.</p>						
Section 8	Evaluation of the Proposed Acquisition	<p>(a) Basis and justification of the Purchase Consideration</p> <p>In arriving at the fairness evaluation of the Purchase Consideration, we have compared the Purchase Consideration against the market value of the Land as appraised by the Independent Valuer as follows:</p> <table><tr><th>Details</th><th>RM</th></tr><tr><td>Purchase Consideration</td><td>165,000,000</td></tr><tr><td>Market value of the Land as ascribed by the Independent Valuer</td><td>165,000,000</td></tr></table>	Details	RM	Purchase Consideration	165,000,000	Market value of the Land as ascribed by the Independent Valuer	165,000,000
Details	RM							
Purchase Consideration	165,000,000							
Market value of the Land as ascribed by the Independent Valuer	165,000,000							

Section in this IAL	Area of evaluation	Our evaluation
		<p>Based on the table above, the Purchase Consideration of RM165.00 million is equivalent to the market value of the Land of RM165.00 million.</p> <p>As such, we are of the view that the Purchase Consideration is <u>fair</u>.</p> <p>(b) Mode of Settlement of the Purchase Consideration</p> <p>MBC Logistic Hub intends to fund the Purchase Consideration of RM165.00 million in the following manner:</p> <ul style="list-style-type: none"> (i) Up to 80% of the Purchase Consideration amounting to RM132.00 million to be funded via bank borrowings obtained by MBC Logistic Hub; and (ii) Any balance amount of the Purchase Consideration shall be funded by MBC Logistic Hub via shareholders' advances by MBC and GVVSB in proportion to their 60:40 shareholdings in MBC Logistic Hub. <p>In the event that MBC Logistic Hub is unable to obtain bank borrowings to fund up to 80% of the Purchase Consideration, the <u>maximum amount</u> to be funded by MBC and GVVSB via shareholders' advances to MBC Logistic Hub will increase from RM33.00 million to RM165.00 million, wherein MBC and GVVSB's funding portion for the Proposed Acquisition will be RM99.00 million and RM66.00 million respectively.</p> <p>We also noted that MBC may fund its share of the Purchase Consideration either from part of the proceeds from the disposal of Alam Kekal, its internally-generated funds or its own bank borrowings. In the event that the disposal proceeds from Alam Kekal is insufficient to fund MBC's share of the Purchase Consideration, we are of the view that MBC Group is in a financial position to fund the Proposed Acquisition in view that:</p> <ul style="list-style-type: none"> (i) the Group's unaudited cash and cash equivalents as at 30 June 2023 stood at RM196.23 million and are mainly free-cash (ie. short term deposits); (ii) the Group's unaudited borrowings and lease liabilities as at 30 June 2023 stood at RM1.25 million with a gearing ratio of 0.0024 times; and (iii) the Group has no capital commitment as at 30 June 2023. <p>Based on the above, we are of the view that the mode of settlement of the Proposed Acquisition is <u>reasonable</u>.</p>

Section in this IAL	Area of evaluation	Our evaluation
		<p>(c) Salient terms of the SPA</p> <p>We are of the view that the salient terms of the SPA are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>
Section 9	Evaluation of the Proposed Joint Venture	<p>(a) Structure of the Proposed Joint Venture</p> <p>We noted that Dato' Goh is the sole shareholder and beneficiary of GVVSB (which will be a 40% equity owner of MBC Logistic Hub upon completion of the Proposals) and KLSB (being the Vendor of the Proposed Acquisition).</p> <p>Through the Proposed Joint Venture and Proposed Acquisition, GVVSB will need to pay up to RM66.00 million to fund the Proposed Acquisition via shareholders' advances in MBC Logistic Hub and KLSB will receive RM165.00 million cash consideration from the completion of the Proposed Acquisition. Based on the net effects of this transaction and in view of Dato's Goh's interest in GVVSB and KLSB as mentioned above, Dato' Goh will receive a net cash consideration of up to RM99.00 million (ie. RM 99 million = RM165 million – RM66 million) and at the same time owning 40% equity interest in the Land (through MBC Logistic Hub) upon completion of the Proposals.</p> <p>Through the Proposed Joint Venture, MBC Group will be able to enter the Industrial Property Business through MBC's 60% equity interest in MBC Logistic Hub. Accordingly, MBC Group will be able to share the cost of acquiring the Land with GVVSB in proportion to the shareholdings of MBC (60%) and GVVSB (40%) in MBC Logistic Hub. Without the Proposed Joint Venture, MBC Group would have to pay the full cash consideration of RM165.00 million in the event that it undertakes a direct acquisition of the Land on its own (ie. for 100% ownership of the Land) which would require a higher cash outlay.</p> <p>MBC Logistic Hub, being a 60% owned subsidiary of MBC upon completion of the Proposals, will also be able to leverage on MBC to obtain bank borrowings in future development projects for the Industrial Property Business.</p> <p>In addition, as the Group has not been involved in any property development and/or property investment activities in the past, the Proposed Joint Venture will allow MBC to tap the experience of Dato' Goh, being the director and sole shareholder of GVVSB who has over 25 years of experience in the development of industrial properties.</p> <p>Premised on the above, we are of the view that the structure of the Proposed Joint Venture is <u>reasonable</u>.</p>

Section in this IAL	Area of evaluation	Our evaluation
		<p>(b) Salient terms of the SSA</p> <p>We are of the view that the salient terms of the SSA are <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>
Section 10	Evaluation of the Proposed Diversification	<p>As at the LPD, the Group has not been involved in the property development and/or property investment business and does not have prior experience in the past. Moving forward, the Board anticipates that the Industrial Property Business may contribute 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the NA of the Group moving forward. As such, the Company intends to seek its shareholders' approval for the Proposed Diversification.</p> <p>We note that the Proposed Diversification is in line with the Group's future plan to diversify its existing business to include Industrial Property Business, in which the Group will undertake property development and/or property investment projects as and when the opportunities arise in the future. Upon completion of the Proposals, the Industrial Property Business will become a new business segment to the Group, which is expected to generate additional income stream for the Group.</p> <p>While we note that MBC Group has since FYE 2019 downsized its dry bulk shipping fleet from 14 vessels to 1 vessels up to the LPD, we noted that the Group intends to continue with its existing business in the Dry Bulk Shipping Business and does not have any intention to increase its fleet size in the near future. As such, non-interested shareholders of MBC should take note that moving forward, the revenue contribution from Dry Bulk Shipping Business will, to a certain extent, be impacted as MBC Group will be operating with only 1 vessel (ie. Alam Kuasa) which is currently performing a long-term charter from 2019 to 2031 to a third-party for the transport of coal.</p> <p>Upon completion of the Proposals, the Group will operate with three (3) business segments (ie. Dry Bulk Shipping Business, EMTS Business and Industrial Property Business). Non-interested shareholders of MBC should take note that the financial performance of MBC Group moving forward will be dependent on the performance of its 3 business segments which is subject to risks and uncertainties which are not within the Group's control such as change in government policies, inflation, interest rate hikes and price fluctuation of raw materials.</p> <p>Premised on the above and after taking into consideration the industry outlook of the industrial property market in Malaysia and Selangor and the prospects of MBC Group as set out in Section 12 of this IAL, we are of the view that the Proposed Diversification is <u>reasonable</u> and <u>not detrimental</u> to the non-interested shareholders of MBC.</p>

Section in this IAL	Area of evaluation	Our evaluation
Section 11	Effects of the Proposals	<p>The effects of the Proposals are summarised as follows:</p> <p>(i) <u>Issued share capital and substantial shareholders' shareholdings</u></p> <p>The Proposals will not have any effects on the issued share capital and substantial shareholders' shareholdings of MBC as the Proposals do not involve any issuance of new shares by MBC.</p> <p>(ii) <u>NA and gearing</u></p> <p>The Proposals will not have any immediate material effects on the NA per Share and gearing of MBC Group as it does not entail any change to the equity structure or borrowings of MBC Group. However, we noted that MBC Logistic Hub intends to fund part of the Purchase Consideration and cost of the Development Project via bank borrowings and/or shareholders' advances from MBC and GVVSB in proportion to their shareholding in MBC Logistic Hub. In the event that MBC Logistic Hub and/or MBC obtains bank borrowings for the abovementioned reasons, the gearing of the Group will increase. Nevertheless, the actual increase in the gearing level will depend on the actual quantum of bank borrowings procured by the Group.</p> <p>(iii) <u>Earnings and EPS</u></p> <p>Save for the estimated expenses in relation to the Proposals, the Proposals are not expected to have a material impact on the consolidated earnings of MBC immediately upon completion of the Proposals.</p> <p>Moving forward, the effects of the Proposals on the consolidated earnings and earnings per Share of MBC Group is dependent on the amount of net profits generated from the Industrial Property Business. The Proposed Joint Venture will allow MBC Group to consolidate 60% of the profits/losses generated by MBC Logistic Hub through the Industrial Property Business.</p> <p>Based on the above, the overall effects of the Proposals are <u>reasonable and not detrimental</u> to the non-interested shareholders of MBC.</p>
Section 12	Industry overview and prospects	<p>Whilst dry bulk charter rates continue to be volatile and is expected to impact the performance of the Dry Bulk Shipping Business moving forward, we are of the view that the revenue contribution to be generated from the Industrial Property Business, will to a certain extent, reduce the Group's dependence on the Dry Bulk Shipping Business. Following the acquisition of EMTS in 2023, the EMTS Business will also be an additional revenue stream for the Group.</p>

Section in this IAL	Area of evaluation	Our evaluation
		<p>The Proposals also represents an opportunity for the Group to enter the Industrial Property Business underpinned by the positive outlook of the Property Market in Malaysia and Industrial Property Market in Malaysia and Selangor as explained in Section 12.3 of this IAL.</p> <p>As for the Development Project, it is intended to serve as the Group's maiden foray into industrial properties and a stepping stone towards undertaking more similar projects in the future to expand its Industrial Property Business. While we note that the Group has intention to undertake the Development Project on the Land, we wish to highlight that as at the LPD, the conceptual plan for the Development Project is still at a preliminary stage and subject to finalisation. Subject to the completion of the SPA, the Group expects the application for development order of the Development Project to be submitted by the 4th quarter of 2023.</p> <p>Premised on the above, we are of the view that the prospects of MBC Group following the completion of the Proposals is positive.</p>
Section 13	Risk factors associated with the Proposals	<p>In evaluating the Proposals, non-interested shareholders of MBC should carefully consider the risk factors as set out in Section 7, Part A of the Circular.</p> <p>While we noted that measures would be taken by MBC to mitigate such risks associated with the Proposals, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.</p>

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposals are **fair** and **reasonable** and are **not detrimental** to the non-interested shareholders of MBC. Accordingly, we advise and recommend that the non-interested shareholders of MBC **vote in favour** of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Yours faithfully
For and on behalf of
BDO CAPITAL CONSULTANTS SDN BHD

WONG WING SEONG
Executive Director - Advisory

ENG CHA LUN
Executive Director - Advisory

PART C

**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED CHANGE OF
NAME FROM MALAYSIAN BULK CARRIERS BERHAD TO MAYBULK BERHAD**



MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)
(Incorporated in Malaysia)

Registered Office:

Suite 8.01, Level 8
Menara Binjai
No 2 Jalan Binjai
50450 Kuala Lumpur
Wilayah Persekutuan
Malaysia

9 November 2023

Board of Directors

Yeoh Khoon Cheng (Independent Non-Executive Chairman)
Dato' Goh Cheng Huat (Group Managing Director)
Ooi Teik Huat (Executive Director and Chief Financial Officer)
Lin JunLiang, Troy (Executive Director cum Chief Investment Officer)
Elsie Kok Yin Mei (Independent Non-Executive Director)
Mohd. Arif bin Mastol (Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

PROPOSED CHANGE OF NAME FROM MALAYSIAN BULK CARRIERS BERHAD TO MAYBULK BERHAD

1. INTRODUCTION

The Board had on 1 September 2023 announced to Bursa Securities that the Company proposes to change its name from "Malaysian Bulk Carriers Berhad" to "Maybulk Berhad" and the Proposed Change of Name is subject to the approval of the Shareholders. The Board intends to seek the approval of the Shareholders at the forthcoming EGM, to be held on Wednesday, 6 December 2023 at 11:30 a.m.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED CHANGE OF NAME AND TO SET OUT THE VIEWS AND RECOMMENDATIONS OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CHANGE OF NAME WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE SPECIAL RESOLUTION TO GIVE EFFECT TO THE PROPOSED CHANGE OF NAME AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CHANGE OF NAME

The proposed name “MAYBULK BERHAD” was approved and reserved by the Companies Commission of Malaysia (“**CCM**”) on 30 August 2023 for 30 days (“**Validity Period**”). The Company has applied for an extension of time on the reservation for the proposed name for another 120 days before the expiry of the Validity Period which was approved by the CCM on 27 September 2023. The Proposed Change of Name, if approved by the Shareholders, will be effective from the date of the issuance of the Notice of Registration of New Name by CCM.

3. RATIONALE FOR THE PROPOSED CHANGE OF NAME

The Proposed Change of Name is undertaken as part of a rebranding exercise to better align the Group’s corporate identity in view of the expected diversification of the Group into its new interests in industrial property development and investment.

4. EFFECTS OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name will not have any effect on the Company’s issued share capital and substantial shareholders’ shareholdings, NA and gearing, earnings and EPS of the Group.

5. APPROVALS REQUIRED

The Proposed Change of Name is subject to approval being obtained from Shareholders at the forthcoming EGM.

The Proposed Change of Name, if approved by Shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

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

None of the Directors, major Shareholders and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Change of Name.

7. DIRECTORS’ STATEMENT AND RECOMMENDATION

The Board, having reviewed and considered the rationale for the Proposed Change of Name, is of the opinion that the Proposed Change of Name is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the special resolution pertaining to the Proposed Change of Name to be tabled at the forthcoming EGM.

8. EGM

The EGM, the notice of which is enclosed with this Circular, will be conducted on a virtual basis and through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia via RPEV facilities at <https://meeting.boardroomlimited.my> on Wednesday, 6 December 2023 at 11:30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions, with or without any modification, to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd or alternatively, you may lodge your Proxy Form by electronic means through Boardroom Smart Investor Portal at <https://meeting.boardroomlimited.my> or via e-mail to bsr.helpdesk@boardroomlimited.com. The completed Proxy Form must be deposited/lodged not less than forty-eight (48) hours before the date and time appointed for holding the EGM as indicated above or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

Shareholders are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix IV for further information.

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

YEOH KHOON CHENG
Independent Non-Executive Chairman

APPENDIX I – INFORMATION ON MBC LOGISTIC HUB

1. INCORPORATION AND BUSINESS ACTIVITIES

MBC Logistic Hub (currently a wholly-owned subsidiary of MBC) is a private limited company incorporated in Malaysia under the Act on 19 September 2022 as MBC Retail Sdn Bhd before changing its name to MBC Logistic Hub Sdn Bhd on 24 August 2023. MBC Logistic Hub is currently dormant and its intended purpose is to be principally involved in the business of industrial property development and investment. As at the LPD, MBC Logistic Hub has yet to commence operations.

2. SHARE CAPITAL

As at the LPD, the issued share capital of MBC Logistic Hub is RM1.00 comprising 1 ordinary share.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the directors of MBC Logistic Hub are Dato' Goh and Ooi Teik Huat, both of whom are Malaysian citizens.

MBC Logistic Hub is a wholly-owned subsidiary of MBC.

4. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, MBC Logistic Hub does not have any subsidiary or associate company.

5. SUMMARY OF FINANCIAL INFORMATION

The summary of the unaudited financial statements from 19 September 2022 (being the date of incorporation of MBC Logistic Hub) up to 30 September 2023 are as follows:

	From 19 September 2022 to 30 September 2023
	(RM)
Revenue	-
Net loss	(14,374)
Share capital	1
Shareholders' fund	(14,373)
Total borrowings	-
No. of ordinary share	1
Loss per share	(14,374)
NA per share	(14,373)
Current ratio (times)	0.998
Gearing ratio (times)	-

MBC Logistic Hub was incorporated on 19 September 2022 and has yet to commence operations. Hence, there was no revenue generated during the period. The cost incurred mainly arise from registration fee and secretarial fees as well as accrued audit fee.

APPENDIX I – INFORMATION ON MBC LOGISTIC HUB (CONT'D)

6. ASSETS OWNED BY MBC LOGISTIC HUB

As at the LPD, MBC Logistic Hub has yet to commence operations and does not own any assets.

7. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitments incurred by MBC Logistic Hub which upon becoming enforceable, may have a material impact on the financial results or position of MBC Logistic Hub.

8. MATERIAL CONTRACTS

Save for the SPA, MBC Logistic Hub has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

9. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities which upon becoming enforceable, in the opinion of our Board, will or may have a material impact on the financial results or position of MBC Logistic Hub.

10. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, MBC Logistic Hub is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of MBC is not aware and have no knowledge of any proceedings pending or threatened against MBC Logistic Hub, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of MBC Logistic Hub.

APPENDIX II – SALIENT TERMS OF THE SPA

1. **Purchase Consideration** : RM165,000,000.00 only
2. **Nature of transaction** : Sale and purchase of the land excluding the areas that may be subject to acquisition by the Appropriate Authorities for the East Coast Rail Line project ("**Compulsory Acquisition**") and those separated from the main portion of the land as a result of the Compulsory Acquisition (collectively, the "**Excluded Area**"). ("**Land**"). The Vendor has agreed to sell and the Purchaser has agreed to purchase the Land free from any Encumbrances (as defined in item 3(ii) below) with vacant possession but subject to the conditions and restrictions in interest expressed or implied in the documents of title relating to the Land
3. **Conditions of sale and purchase** : The Land is sold:
 - (i) on an "as is where is" basis to the extent of the state and condition of the Land, subject to the conditions subsequent as set out in item 9 below;
 - (ii) free from any form of legal, equitable or security interests over the Land including but not limited to any debenture, lien, charge, pledge, title retention, right to acquire, security interest, hypothecation, options, rights of first refusal, injunctions, any preference arrangement (including title transfers and retention arrangements or otherwise), caveats, prohibitory orders, claims, right of set off and any other encumbrance or condition whatsoever or any other arrangement having similar effect ("**Encumbrances**");
 - (iii) with vacant possession and all rights, titles, and interest therein and thereto;
 - (iv) subject to the existing category of land use affecting the Land;
 - (v) subject to all restrictions in interest and conditions of title, whether express or implied, affecting the Land;
 - (vi) on the basis that each of the warranties are true and accurate in all aspects;
 - (vii) on the basis that the Vendor has fully complied with the conditions precedents as set out in the Sale and Purchase Agreement dated 10 July 2019 ("**Principal SPA**") and Supplemental Sale and Purchase Agreements dated 12 October 2021 and 25 May 2022 ("**SSPA**") entered into between Sinaran Seribumi Sdn Bhd ("**Proprietor**") and the Vendor; and
 - (viii) subject to the satisfaction of the SPA Conditions Precedent (as set out in item 4 below).

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

4. **SPA Conditions Precedent** : The completion of the sale and purchase of the Land is conditional upon the following conditions precedent being obtained and fulfilled within 3 months from the date of the SPA, or such other date as the parties may mutually agree upon in writing ("**SPA Cut-Off Date**"):
- (i) documentary evidence in relation to the Vendor's compliance of the conditions precedent as set out in the Principal SPA and SSPA[^];
 - (ii) the Vendor having obtained at its own cost and expense the approval of the shareholders of the Vendor for the disposal of the Land in accordance with the terms of the SPA; and
 - (iii) the Purchaser having obtained at its own cost and expense the approval of:
 - (a) the shareholders of the Purchaser; and
 - (b) the shareholders of the Purchaser's holding company at an extraordinary general meeting to be convened for the acquisition of the Land in accordance with the terms of the SPA.
- The SPA shall become unconditional on the date of the business day after the SPA Unconditional Date.
- Note:**
[^] *As at the LPD, there are no outstanding conditions precedent as set out in the Principal SPA and SSPA which have yet to be complied with.*
5. **Manner of payment of the Purchase Consideration** : The Purchaser and the Vendor agrees that the Purchase Consideration shall be satisfied by the Purchaser in the following manner:
- (i) A sum equivalent to 10% of the Purchase Consideration, amounting to RM16,500,000 to be paid by the Purchaser as deposit ("**Deposit**") to the Vendor upon execution of the SPA;
 - (ii) A sum equivalent to 85% of the Purchase Consideration, amounting to RM140,250,000 shall be paid by the Purchaser to the Vendor and/or the Chargee in part payment of the Purchase Consideration within 3 months from the SPA Unconditional Date; and
 - (iii) The remaining sum equivalent to 5% of the Purchase Consideration, amounting to RM8,250,000 ("**Balance**") shall be paid by the Purchaser to the Vendor as the final payment towards the Purchase Consideration within 3 business days upon fulfilment of the Site Upgrading Works (as defined in item 9 below) ("**Completion**").
6. **Completion Date** : The day falling 7 months from the SPA Unconditional Date, or such other extended date to be mutually agreed by the parties in writing.

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

7. **Extended Completion Date** : In the event the Purchaser shall fail to pay the Purchase Consideration by the Completion Date, the Vendor shall automatically grant to the Purchaser an extension of one (1) month from the Completion Date to pay the Purchase Consideration ("**Extended Completion Period**") provided that the Purchaser shall pay to the Vendor interest at the rate of 8% per annum on the Purchase Consideration or any part thereof remaining unpaid, calculated on a daily basis, from the day next following the Completion Date until the date of actual payment of the Purchase Consideration ("**Late Payment Interest**"). In any event that the need for the extension is caused by the default or delay on the part of the Vendor and at no fault of the Purchaser, the Vendor shall not be entitled for the payment of Late Payment Interest for such part of the extension which is caused by the default or delay on the part of the Vendor and at no fault of the Purchaser.
8. **Adjustment on the Purchase Consideration** : (i) If the position, measurement, boundaries and/or area of the Land ("**Agreed Area**") shall be different as shown in the new land title to be issued for the Land pursuant to item 9 below ("**New Title**") ("**Actual Area**"), the Purchase Consideration shall be adjusted accordingly at the rate of RM702.78 per sqm (based on the Purchase Consideration of RM165.00 million divided by the transacted land area of 234,783 sqm), or any other rate as may be mutually agreed by the parties calculated on the difference between the Agreed Area and the Actual Area and the Purchase Consideration referred to in the SPA shall be the Purchase Consideration adjusted pursuant to this clause.
- (ii) Notwithstanding anything to the contrary under the SPA, the parties agree that in the event the measurement of the Actual Area has a variation of more than 5% than the Agreed Area, the parties shall in good faith discuss and negotiate on an appropriate adjustment to the Purchase Consideration and mutually agree on a price which is acceptable to both parties[^]. If the parties are unable to reach mutual agreement on the price within a period of 30 days or any mutually agreed extension period, the Purchaser shall be entitled to terminate the SPA by notice in writing, whereupon KLSB must *inter alia* return all moneys received by it as part of the Purchase Consideration free of interest to the Purchaser within 7 days of the giving of the notice) and thereafter, the parties shall not have any further rights under the SPA except in respect of –
- (a) any obligation which is expressed to apply after the termination of the SPA; and
- (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SPA to either party prior to such termination.

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

8. Adjustment on the Purchase Consideration (Cont'd)**Note:**

[^] For information, MBC shall have the right to terminate the SPA should the measurement of the Actual Area deviates more than 5% than the Agreed Area. Nevertheless, should the deviation be more than 5% and is within a range acceptable to MBC, it is the intention of the Company to adjust the Purchase Consideration accordingly at the rate of RM702.78 per sqm, subject to the agreement / acceptance by the Vendor. For the avoidance of doubt, MBC will immediately announce any adjustment to the Purchase Consideration resulting from the above.

9. Conditions Subsequent**: Transfer**

The Vendor and/or Proprietor shall within 2 years from the Completion or such other extended date to be mutually agreed by the parties in writing ("**Stipulated Period**")[^], take all reasonable steps to procure the transfer of the issue documents or title of the Land in favour of the Purchaser in the following manner:

If –

- (i) the Compulsory Acquisition takes place prior to the Completion, the Vendor shall take all necessary steps to cause the Proprietor to execute the Transfer (as defined in the SPA) in accordance with the terms of the SPA and render all assistance to ensure that the registration of the Transfer in favour of the Purchaser is completed in accordance with the terms of the SPA.
- (ii) the Compulsory Acquisition takes place after the Completion but prior to the expiry of the Stipulated Period, the Vendor shall take all necessary steps to cause the Proprietor to execute the Transfer in accordance with the terms of the SPA and render all assistance to ensure that the registration of the Transfer in favour of the Purchaser is completed in accordance with the terms of the SPA.
- (iii) the Compulsory Acquisition did not take place within the Stipulated Period, the Purchaser shall have the right to purchase the Excluded Area at a consideration rate of RM702.78 per sqm and upon the Purchaser exercising the right, the Vendor shall take all necessary steps to cause the Proprietor to execute all such documents in respect of the transfer of the title of the Land*.

Notes:

[^] The 2-year timeframe is to allow for sufficient time for the completion of the Compulsory Acquisition and for the subsequent transfer of the title of the Land.

* In the event the Compulsory Acquisition does not take place within the Stipulated Period and the Group chooses to exercise the option to purchase the Excluded Area, the purchase consideration for such Excluded Area is expected to be approximately RM0.86 million (based on the land area of the Excluded Area of 1,217 sqm). MBC will make an announcement as well as seek the approval of the Shareholders upon exercising the option to acquire the Excluded Area, if necessary.

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

9. **Conditions Subsequent (Cont'd)** Vendor's Obligation
- The Vendor shall at its own cost and expense within 6 months from the SPA Unconditional Date, carry out the site clearance work to remove all the existing oil palm trees and attend to the flattening work on the Subject Land to the same level as the main road of the Subject Land ("**Site Upgrading Works**").
- For the avoidance of doubt, the Vendor shall be solely responsible to apply and obtain the necessary approvals from the Appropriate Authorities for the Site Upgrading Works and the Vendor shall comply with such approvals or requirements from the Appropriate Authorities from time to time. The Vendor shall be liable for and shall fully indemnify and keep the Purchaser fully indemnified against any damage, costs and expenses, liability, loss, claim, fine, penalty or any other proceedings in respect of damage of any kind to the Land or as the case may be incurred by the Vendor arising out of or in the course of or by reason of the Site Upgrading Works being carried out by the Vendor and/or its agents and servants.
10. **Right of Access to the Land** :
- Pending delivery of vacant possession of the Land, and subject to the Purchaser obtaining a prior written consent (which consent shall not be unreasonably withheld or delayed) by the Vendor, the Purchaser may at its own costs and expenses request for a right of access to the Land to conduct/perform preliminary planning work in respect of the project to be carried by the Purchaser on the Land, as the case may be, provided always that:
- (i) 10% of the Purchase Consideration has been fully settled by the Purchaser;
- (ii) such rights of entry to the Land, as the case may be, shall be granted by the Vendor subject to any restrictions or limitations which the Appropriate Authorities may impose; and
- (iii) such rights of entry to the Land, as the case may be, shall be granted by the Vendor subject to the Purchaser's undertaking to reinstate the Land to its original state and condition in accordance with the terms of the SPA.
11. **Limited Power of Attorney** :
- (i) It is irrevocably agreed between the parties that pending the registration of Transfer in favour of the Purchaser and/or the payment of the Purchase Consideration by the Purchaser, the Vendor shall cause the Proprietor simultaneously with the signing of the SPA, execute a limited power of attorney in favour of the Purchaser in respect of the Land ("**Limited PA**") authorising the Purchaser to prepare, execute and/or submit the relevant applications for the purpose of the Purchaser's relevant applications up to the building plan approval stage in respect of the Purchaser's proposed development to be carried out on the Land as well as authority to liaise with the Appropriate Authorities in respect of the same.

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

11. **Limited Power of Attorney (Cont'd)** (ii) The Vendor hereby consents to the Purchaser for the stamping and registering the Limited PA with the High Court, the land office and the relevant Appropriate Authorities at the Purchaser's own cost and expense provided that if the SPA is terminated for any reason whatsoever or upon the registration of the Transfer in favour of the Purchaser, the Limited PA shall be duly revoked by the Vendor without further notice to the Purchaser.

The Vendor shall simultaneously with the Proprietor's execution of the Limited PA procure the Proprietor to sign in escrow a deed of revocation of power of attorney ("**Deed of Revocation of Limited PA**") for the purpose of revocation of the Limited PA immediately upon the registration of the Transfer in favour of the Purchaser or upon termination of the SPA.

12. **Termination and breach** : (i) Parties' right to terminate
- If at any time prior to the expiry of the SPA Cut-Off Date, any of the SPA Conditions Precedent have been refused and an appeal or appeals to the relevant authorities (if applicable) or persons against such refusal have not been successful; or on the expiry of the SPA Cut-Off Date, any of the SPA Conditions Precedent have not been obtained or fulfilled, then either party may terminate the SPA by giving notice in writing to that effect to the other party, the Vendor must return all moneys received by it as part of the Purchase Consideration free of interest to the Purchaser within 7 days of the giving the notice, and thereafter, the parties shall not have any further rights under the SPA except in respect of –
- (a) any obligation under the SPA which is expressed to apply after the termination of the SPA; and
 - (b) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SPA to either party prior to such termination.
- (ii) The Vendor's right to terminate
- If the Purchaser default in the satisfaction of the Purchase Consideration or fail or neglect or refuse to perform or comply with any of its obligation in accordance with the provisions of the SPA, the Vendor will be entitled to terminate the SPA by notice in writing to the Purchaser if the Purchaser fail within 14 days of receipt of a notice from the Vendor to remedy the breach or the matter.

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

- 12. Termination and breach (Cont'd)** : (iii) The Purchaser's right to terminate
- The Purchaser will be entitled to, at any time after any such default arises, give notice to the Vendor terminating the SPA if –
- (a) the Vendor fails, neglects or refuses to complete the sale in accordance with the provisions of the SPA;
 - (b) the Vendor fails, neglects or refuses to perform or comply with any of its obligations under the SPA;
 - (c) any of the representations or warranties of the Vendor is found to be untrue or inaccurate or misleading and if such breach is capable of being remedied, the Vendor fails, neglects or refuses to rectify such breach within 14 days after the date of the Vendor's receipt of the Purchaser's written notice requiring the Vendor to remedy such breach or such extended period as the Purchaser may agree to but failure to exercise this rights shall not constitute a waiver of any other rights of the Purchaser arising out of any breach of warranties; or the Transfer cannot be presented or registered for any reasons whatsoever for reasons caused by or attributable to any act, default or omission of the Vendor and/or Proprietor,
- and the Vendor fails within 14 days of receipt of a notice from the Purchaser to remedy the breach or the matter.
- 13. Consequences of Termination by Purchaser**
- If a notice terminating this Agreement is duly given under item 12 (iii) or in accordance to such other provisions of the SPA, by the Purchaser and the Purchaser elects not to pursue the remedies set out in the SPA, then within 14 days of the giving of the notice:
- (a) the Purchaser, the solicitors and the financier's solicitors must return or cause to be returned to the Vendor or the solicitors the Transfer and such of the Transfer Documents and Discharge Documents which are as that date in their possession with the Vendor's interest intact, provided that in the event that the Transfer has as at that date been stamped for ad valorem stamp duty in the full amount, the Purchaser or the solicitors shall be entitled to forward the duly stamped Transfer to the collector of stamp duty for cancellation and for a refund of the ad valorem stamp duty so paid by the Purchaser and thereafter to forward the Transfer to the Vendor or the solicitors for cancellation;
 - (b) the Purchaser shall re-deliver to the Vendor vacant possession of the Purchaser's Land or Subject Land, as the case may be, if the same has been delivered to the Purchaser, in the same state and condition as at the date of delivery thereof, and remove and withdraw all caveats or other encumbrances entered or caused to be entered by the Purchaser or the Financier over the Purchaser's Land or Subject Land, as the case may be;

APPENDIX II – SALIENT TERMS OF THE SPA (CONT'D)

- 13. Consequences of Termination by Purchaser (Cont'd)**
- (c) in exchange with the Purchaser, the solicitors and the financier's solicitors' simultaneous compliance with the provisions of paragraphs (a) and (b), the Vendor must return all moneys together with any late payment interest received by them as part of the Purchase Price and held by them as at that date, to the Purchaser free from interest; and
 - (d) in exchange with the Purchaser's, the solicitors and the financier's solicitors' simultaneous compliance with the provisions of paragraphs (a) and (b) above and if the Purchaser elects not to pursue the remedies set out in the SPA, the Vendor must pay an additional sum equivalent to 10% of the Purchase Price as agreed liquidated damages to the Purchaser.
- 14. Vendor's Undertaking**
- : Upon full payment of the Purchase Consideration and pending registration of the Transfer in favour of the Purchaser and subject to the Conditions Subsequent (as set out in item (9) above) being fulfilled:
- (i) the Vendor acknowledges that the Purchaser is the beneficial owner of the Land and that the Vendor and the Proprietor has no further rights, title and benefit in and to the Land;
 - (ii) the Vendor further acknowledges and undertakes that the Vendor shall cause the Proprietor to hold the Land as bare trustee for and on behalf of the Purchaser;
 - (iii) the Vendor shall cause the Proprietor to do all such acts and things as may be reasonably required by the Purchaser in order that the Purchaser may effectively deal with the Land in its capacity as the sole beneficial owner; and
 - (iv) the Vendor covenants not to deal with the Land, (including sell, lease, charge, encumber or otherwise) without the prior written consent of the Purchaser.

APPENDIX III – SALIENT TERMS OF THE SSA

1. **SSA Conditions Precedent** : The SSA is subject to the following conditions being obtained / fulfilled within 3 months from the date of the SSA ("**SSA Cut-off Date**"):
- (a) the approval of the shareholders of MBC at an EGM to be convened for the subscription, allotment and issuance of the Subscription Shares (as defined below) and the Proposed Acquisition in accordance with the terms of the SPA; and
 - (b) if/where applicable, any other approvals, waiver or consents of any authorities or parties as may be required by law or regulations or deemed necessary by the parties at the cost and expense of the party applying for such approval.

2. **Subscription, allotment and issuance of Subscription Shares** : (a) Within 14 days from the SSA Unconditional Date, MBC and GVVSBB shall subscribe for a total of 99,999 new ordinary shares in the JV Company ("**Subscription Share(s)**") at the aggregate subscription price of RM59,999 and RM40,000 respectively, payable in cash at an issue price of RM1.00 per share in the following proportions:

Party	No. of shares held as at the date of SSA	No. of Subscription Shares	Resultant number of shares	Shareholding proportions (%)
MBC	1	59,999	60,000	60
GVVSBB	Nil	40,000	40,000	40
Total	1	99,999	100,000	100

- (b) The JV Company shall, immediately upon the subscription and payment of the corresponding portion of the subscription sums by MBC and GVVSBB, allot and issue to MBC and GVVSBB the Subscription Shares ("**Subscription Date**").
3. **Basis of subscription and issuance of Subscription Shares** : The Subscription Shares shall be issued –
- (a) free from all encumbrances and with full legal and beneficial title; and
 - (b) with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof),

with effect from the date of their allotment and each Subscription Share shall rank *pari passu* with all existing and future shares of the JV Company.

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

4. **Shareholding Proportions** : Save as agreed by the shareholders of the JV Company, the respective shareholdings of the shareholders in the Company (based on the number of Subscription Shares held) shall, after completion and at all times throughout the duration of the SSA, be maintained in the following Shareholding Proportions:

<u>Shareholders</u>	<u>Shareholding Proportions</u>
MBC	60%
GVVSB	40%

5. **Responsibilities of MBC and GVVSB** :
- (a) MBC and GVVSB will each, through the respective Directors nominated and appointed by them, appoint a management team which shall primarily be responsible for the day-to-day operations of the JV Company, and such management team shall include personnel who are competent in the field of the Industrial Property Business.
 - (b) MBC will, on behalf of the JV Company, primarily be responsible for managing and supervising the carrying out of the Business and procuring that all necessary approvals and/or consents from the relevant authorities in respect of the Land for the purpose of maintaining and promoting the Industrial Property Business shall be obtained.
 - (c) MBC and GVVSB shall each provide all reasonable assistance and do all such acts and things reasonably necessary to facilitate the carrying out the Industrial Property Business and the Proposed Acquisition.

Notwithstanding the above, the responsibilities of MBC and GVVSB as shareholders of the JV Company may be varied and re-negotiated by way of supplemental agreements or in other forms of written agreements subject to changes in their respective Shareholding Proportions.

6. **Financing** :
- (a) Each of the Shareholders shall use its best endeavours to procure financing for the Company, if required, in accordance with the provisions of the SSA and the Shareholding Proportions.
 - (b) As far as possible, financing for the Company shall be obtained from the following sources and in the following order of priority –
 - (1) financing from banks and financial institutions on the most favourable terms reasonably obtainable as to the financier's interest rate margin, repayment and security, but without allowing a prospective financier a right to participate in the share capital of the JV Company as a condition of making available the financing.
 - (2) loans/advances from the shareholders or their related companies in the Shareholding Proportions, whether by way of the advance of money, the purchase of or subscription for Shares (including, where applicable, any preference shares or other classes of shares issued by the Company from time to time) or other securities as may be agreed upon by the shareholders.

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

6. **Financing (Cont'd)** :
- (3) any other source of financing to be mutually agreed by the shareholders.
 - (c) Any finance for the Company shall be procured, on the best endeavours basis, without any additional security or guarantee being provided by the shareholders and in the event any security or guarantee is required from the shareholders by the financier, such security or guarantee shall be provided by the shareholders in proportion to the Shareholding Proportions.
 - (d) The form of funding shall be procured in accordance with the Shareholding Proportions. Any shareholders' loans extended by the Shareholders to the Company shall be repaid by Company with interest to be agreed upon based on prevailing commercial bank lending rates (if any).
 - (e) For the avoidance of doubt, any financing obtained from the banks and/or financial institutions by the Company shall be utilised strictly for the Industrial Property Business or purposes related thereto, unless otherwise agreed by the Board.
- Unless the otherwise mutually agreed, the repayment by the Company of any loans by the shareholders' pursuant to this agreement shall be on the basis that each repayment shall be to all shareholders (but not some of them only) in proportion to their loans from the shareholders outstanding as of the intended date of the repayment.
7. **Initial financing required to complete the Proposed Acquisition** :
- (a) In connection with the Proposed Acquisition, MBC and GVVSB shall each provide or procure funding to enable the JV Company to make payment of the Purchase Consideration and to complete the Proposed Acquisition, in accordance with the Shareholding Proportions.
 - (b) Funding shall be provided in the following manner or in such other manner to be mutually agreed on by the parties:
 - (1) Within 30 days from the Subscription Date, each MBC and GVVSB shall advance an initial sum of RM600,000 and RM400,000 respectively, which shall be deposited into the bank account of the JV Company and be utilised as initial working capital expenses.
 - (2) MBC and GVVSB shall each make payment towards the total purchase consideration of the Land in their respective shareholding proportions, and all such funding shall be provided in accordance with the payment terms and timeline for payment of the purchase consideration for the Proposed Acquisition as set out in the SPA.

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

7. **Initial financing required to complete the Proposed Acquisition (Cont'd)** : The total sum payable by each shareholder of the JV Company is set out as follows:

Shareholders	Shareholding Proportions	Total Purchase Consideration (RM)
MBC	60%	99,000,000
GVVSB	40%	66,000,000
Total		165,000,000

- (c) All costs, fees and expenses, including taxes payable to the relevant authorities and/or third parties incurred in relation to and/or ancillary to the Proposed Acquisition, shall be borne and paid by the JV Company out of the funding to be provided or procured by the shareholders of the JV Company and if either shareholder shall initially pay or settle such costs, fees and expenses, the shareholders shall procure that such costs, fees and expenses shall be funded by MBC and GVVSB in their Shareholding Proportions and reimbursed by the JV Company.
- (d) In the event that the SPA is terminated by either party to the SPA, and KLSB is liable to make any return of the monies received by it to the JV Company, each MBC and GVVSB shall be entitled to receive such sum which was paid/advanced by them in accordance with their Shareholding Proportions.
8. **Appointment and removal of Directors** : (a) Except as otherwise provided in the SSA and subject to the items (b) and (c) below –
- (i) MBC will, while it remains as a shareholder, be entitled to nominate and appoint 2 Directors; and
- (ii) GVVSB will, while it remains as a shareholder, be entitled to nominate and appoint 1 Director.
- And each Director shall hold office for such term as may be determined by that shareholder who appointed him and shall not be subject to retirement by rotation. Each shareholder shall be entitled to replace and re-nominate and appoint directors in place of their first and subsequently nominated Directors.
- (b) The shareholders shall use their voting rights to ensure that the persons nominated shall be appointed to the Board.
- (c) Subject to the provisions of the Companies Act, a shareholder shall be entitled at any time and from time to time to remove any Director so appointed by that Shareholder and appoint a fresh Director in his place and to appoint a fresh Director in the event of any Director appointed by that Shareholder is resigning, dying, retiring or otherwise ceasing to hold office as a Director by giving at least 30 days' prior notice in writing to such effect to the Board. The Board shall convene a meeting and pass the relevant resolution upon receipt of the notice from the shareholder.

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

- 9. Restriction on transfers** : No shareholder of the JV Company may during the term of the SSA, sell, transfer, assign, charge, mortgage, lien over, pledge, encumber, grant options over or otherwise dispose of encumber any of its shares without (1) the prior written consent of the other shareholder or (2) complying with the provisions of the SSA.
- Save for the transfers in case if a shareholder which is a corporation to a related company permitted pursuant to the provisions of the SSA, if at any time any shareholder wishes to sell, transfer or otherwise dispose of any of its Shares, a shareholder wishing to sell or transfer any Shares ("**Selling Shareholder**") must give a notice of its desire ("**Sale Notice**") to the other shareholder.
- The Sale Notice must –
- (a) specify the shares the Selling Shareholder proposes to sell or transfer;
 - (b) offer to sell all those shares to the other shareholder pro rata in proportion to the Shareholding Proportions held by the other shareholder (i.e. the shareholder other than the Selling Shareholder);
 - (c) state the price of the shares offered for sale; and
 - (d) state the identity of the third party (if any) to which the Selling Shareholder wishes to sell those Shares in the event the other shareholders do not purchase all of the Shares to be sold or transferred pursuant to that Sale Notice.
- 10. Right to terminate** : MBC and/or GVVSB may mutually agree in writing to extend the SSA Cut-Off Date for an additional 3 months from the SSA Cut-Off Date or more, or alternatively, either party may terminate the SSA by giving notice in writing to that effect to the other party, whereupon the parties shall not have any further rights under the SSA except in respect of any obligations under the SSA which is expressed to apply after the termination of the SSA; or any rights and obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination if:
- (a) on the expiry of the SSA Cut-Off Date, any of the SSA Conditions Precedent shall have not been obtained or fulfilled; or
 - (b) at any time prior to the expiry of the SSA Cut-Off Date, any of the approvals or consents referred to above shall have been granted subject to terms and conditions which are not acceptable MBC being terms and conditions which affect MBC, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and MBC is not willing to accept such terms and conditions then imposed by the relevant authorities or persons.

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

11. **Deemed termination events** : The SSA shall be deemed terminated upon occurrence of any of the following events –
- (a) the termination of this agreement by mutual written consent of all the shareholders of the JV Company;
 - (b) the winding-up of the JV Company where an effective resolution is passed unanimously by the shareholders to wind-up the JV Company, or if a liquidator is otherwise appointed, other than to effect any corporate rescue mechanism provided under the Companies Act; or
 - (c) all shares being held by one shareholder at any time in accordance with this agreement after completion of the Subscription.
12. **Termination by mutual written consent** : The shareholders of the JV Company may at any time mutually agree to terminate the SSA as of a date certain to be established by the shareholders and the shareholders will agree upon a course of action to implement any arrangements that they may agree upon within 3 months from the date of such termination.
13. **Termination arising from sale of all shares held by a shareholder of the JV Company** : If any shareholder shall sell or transfer all its shares in the JV Company to another shareholder or to a third party in accordance with the provisions set out in the SSA, the SSA will terminate only as to that shareholder upon the completion of the sale or transfer (whichever is the latter to occur) of all its shares to the other shareholder or to the relevant third party.
14. **Termination arising from default** : In the event that a shareholder of the JV Company (the “**Defaulting Shareholder**”) –
- (a) commits any material breach of any of its obligations under the SSA and fails to take appropriate steps to remedy such breach (if capable of remedy) within 21 days after being given notice so to do by the other non-defaulting shareholder (“**Non-Defaulting Shareholder**”) or if such breach is not capable of remedy at the time of the breach;
 - (b) assigns, transfers or disposes of any of its shares in the JV Company in violation of the terms and conditions of this agreement;
 - (c) goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation) or becomes a wound-up company; or
 - (d) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors,
- then any other shareholder (other than the Defaulting Shareholder) will be entitled (but not after 30 days of the event in question first coming to the attention of the shareholder entitled to give the notice) to give a notice to the Defaulting Shareholder (“**Default Notice**”).

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

- 15. Default Buy-Sell Notice** : At any time within 30 days of the service of the Default Notice pursuant to item 14 above, the Non-Defaulting Shareholder will be entitled to give written notice (a **"Default Buy-Sell Notice"**) to the Defaulting Shareholder, and upon service of a Default Buy-Sell Notice, the Non-Defaulting Shareholder shall at its discretion be entitled to any one of the following remedies:
- (a) require the Defaulting Shareholder to purchase all the shares of the Non-Defaulting Shareholder in MBC Logistic Hub at a purchase price to be determined by the auditors appointed, equivalent to 120% of the fair value of such shares (as may be determined in accordance with the provisions of the SSA) (**"Fair Value"**), provided that if the Fair Value of all the shares of the Non-Defaulting Shareholder is zero or a negative amount, the purchase price for all the shares shall be RM1.00; or
 - (b) purchase all the shares of the Defaulting Shareholder in MBC Logistic Hub pro rata in proportion to the Shareholding Proportions as set out in item 4 above held by the Non-Defaulting Shareholder at a purchase price to be determined by the auditors appointed, equivalent to 80% of the Fair Value of such shares, provided that if the Fair Value of all the shares of the Non-Defaulting Shareholder is zero or a negative amount, the purchase price for all the shares shall be RM1.00; or
 - (c) serve a dissolution notice in respect of MBC Logistic Hub on the Defaulting Shareholder and terminate the SSA with immediate effect, in which event MBC and GVVSB shall, where practicable, having regard to requirements of law, take all such steps as may be necessary to render MBC Logistic Hub solvent and then to forthwith wind up MBC Logistic Hub voluntarily.

If any funds are required in order to render MBC Logistic Hub solvent, the funds shall be provided by MBC and GVVSB respectively in accordance with the Shareholding Proportions at the time of serving such dissolution notice.

The costs of the dissolution and liquidation shall be paid out of the surplus assets of MBC Logistic Hub and without prejudice to any rights and liabilities which shall have accrued or been incurred up to that time, the Defaulting Shareholder shall be entitled to only 20% of its Shareholding Proportions of the balance surplus asset available for distribution and the remaining 80% shall be distributed to the Non-Defaulting Shareholder as agreed liquidated damages in addition to the Non-Defaulting Shareholder's Shareholding Proportion. Where no such surplus exists then such costs shall be borne by MBC and GVVSB respectively in accordance with the Shareholding Proportions as at the time of serving of such dissolution notice.

APPENDIX III – SALIENT TERMS OF THE SSA (CONT'D)

- 15. Default Buy-Sell Notice (Cont'd)** : (d) For the purposes of any purchase of shares to be effected pursuant to the provisions of this clause, the Defaulting Shareholder and Non-Defaulting Shareholder must obtain/fulfil all applicable conditions precedent in relation to the sale and purchase of such shares within a period of 90 days following the date of the Default Buy-Sell Notice and the completion of the sale and purchase of the relevant shares shall take place within a further period of 60 days after the obtaining/fulfilment of all applicable conditions precedent at the registered office of MBC Logistic Hub and on such Business Day within such 60 days period as the Defaulting Shareholder and Non-Defaulting Shareholder shall agree in writing or failing such agreement, on the last day of such 60 days period.

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

The information on the Vendor and GVVSB were provided by the management and/or board of directors of the Vendor and GVVSB respectively. Therefore, the responsibility of our Board with respect to such information is limited to ensuring that the information thereon is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST**2.1 Kenanga IB**

Kenanga IB, being the Principal Adviser, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Kenanga IB confirms it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals.

2.2 BDOCC

BDOCC, being the Independent Adviser, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IAL and all references thereto in the form and context in which they appear in this Circular.

BDOCC confirms it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Independent Adviser to the non-interested Directors and non-interested Shareholders for the Proposed Acquisition and Proposed Joint Venture.

2.3 Henry Butcher

Henry Butcher, being the Independent Valuer for the Land, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Valuation Certificate as well as extracts of the Valuation Report and all references thereto in the form and context in which they appear in this Circular.

Henry Butcher confirms it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Independent Valuer for the Land.

2.4 Laurelcap

Laurelcap being the independent property consultant engaged to conduct a market study on the Land and to assess the Development Project based on the Company's preliminary conceptual plan, has given and has not subsequently withdrawn its written consent to the inclusion of its name, extracts of its Market Study Report and all references thereto in the form and context in which they appear in this Circular.

Laurelcap confirms it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent property consultant.

2.5 SMITH ZANDER

SMITH ZANDER, being the independent market researcher, has given and has not subsequently withdrawn their written consent to the inclusion of its name, extracts of the IMR Report and all references thereto in the form and context in which they appear in this Circular.

APPENDIX IV – FURTHER INFORMATION (CONT'D)

SMITH ZANDER confirms it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent market researcher.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group.

Contingent liabilities

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred by the Group, which upon becoming due to or enforceable, may have a material impact on the financial results or position of the Group.

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that:

- (i) neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group; and
- (ii) as at the LPD, there is no material litigation, claims or arbitration involving the Land including those pending or threatened.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 8.01, Level 8, Menara Binjai, No. 2, Jalan Binjai, 50450 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the upcoming EGM for the Proposals:

- (i) the Constitution of the Company;
- (ii) the SSA;
- (iii) the SPA;
- (iv) the Valuation Report and Valuation Certificate;
- (v) the IMR Report;
- (vi) the Market Study Report;
- (vii) the audited consolidated financial statements of the Company for the FYE 2021 and FYE 2022 as well as the unaudited interim financial report of the Company for the 6-month financial period ended 30 June 2023; and
- (viii) the letters of consent and conflict of interest referred to in Section 2 of this Appendix IV.



HENRY BUTCHER MALAYSIA

International Asset Consultants

Your Ref: –

Our Ref : HB/SEL/8823/05/0282/TKL-014(Kelly)

August 28, 2023

The Board of Directors
M/S MALAYSIAN BULK CARRIERS BERHAD
Suite 8.01, Level 8, Menara Binjai
No. 2, Jalan Binjai
50450 Kuala Lumpur

Dear Sirs,

**CERTIFICATE OF VALUATION OF A PARCEL OF VACANT INDUSTRIAL LAND
HELD UNDER TITLE NO. HSD 166441, LOT NO. PT 85116, MUKIM OF KAPAR,
DISTRICT OF KLANG, STATE OF SELANGOR.**

We were instructed by M/S Malaysian Bulk Carriers Berhad (“Malaysian Bulk Carriers”) to conduct a valuation on the abovementioned property (“Subject Property”). The full details of the valuation are included in our Valuation Report bearing reference no. HB/SEL/8823/05/0282/TKL-014(Kelly) dated August 28, 2023.

This certificate has been prepared for the purpose of submission to the Bursa Malaysia Securities Berhad (“Bursa Securities”) and inclusion in the Circular to Shareholders of Malaysian Bulk Carriers in conjunction with the proposed acquisition of the Subject Property (“Proposed Acquisition”) by MBC Logistic Hub Sdn Bhd (formerly known as MBC Retail Sdn Bhd), a subsidiary of Malaysian Bulk Carriers, from Kapar Land Sdn Bhd.

The Subject Property was inspected and referenced on August 22, 2023. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. August 22, 2023.

The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers and with the necessary professional responsibility and due diligence.

The basis of valuation is the Market Value (“MV”) which is defined by the Malaysian Valuation Standards to be “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

HENRY BUTCHER MALAYSIA (SEL) Sdn Bhd 199901020603 (495503-I)

Firm's Registration No.: VEPM (1) 0079/4

No. 36-1, 2 & 3, Jalan SS 15/4D, 47500 Subang Jaya, Selangor, Malaysia.

t • +603-5631 5555 f • +603-5632 7155 e • hbselangor@henrybutcher.com.my w • www.henrybutcher.com.my

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy
Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



RICS



V0481, E1457, PM0481
V0441, E1341, PM0441

APPENDIX V – VALUATION CERTIFICATE IN RELATION TO THE LAND (CONT'D)

We have been instructed by Malaysian Bulk Carriers to ascertain the current MV of the Subject Property in respect of the Proposed Acquisition.

We have been specifically instructed by Malaysian Bulk Carriers to value the Subject Property based on the basis that the vendor shall at its own cost and expense to carry out the site clearance work to remove all the existing oil palm trees and attend to the flattening work on the Subject Property to the same level as the main road of the Subject Property.

The brief description of the Subject Property and our opinion of the current MV are as follows: -

Property Description

Property Type/ Interests Valued	: A parcel of vacant industrial land
Address of the Subject Property	: Title No. HSD 166441, Lot No. PT 85116, Mukim of Kapar, District of Klang, State of Selangor.
Location	: The Subject Property is located within a new planned industrial park (to be named as Leader Industrial Park tentatively) which is located along Jalan Bukit Kapar, Kapar. It is situated approximately forty-seven (47) kilometres due west of Kuala Lumpur City Centre. Kapar town centre is located about two (2) kilometres to the south-west of the Subject Property whilst Port Klang lies approximately 28 kilometres due south of the Subject Property. It is easily accessible from Kuala Lumpur City Centre via New Klang Valley Expressway, followed by Selat Klang Highway, Shapadu Highway, West Coast Expressway, Persiaran Hamzah Alang, Jalan Pintasan Kapar and finally a right turn onto Jalan Bukit Kapar leading to the Subject Property.

APPENDIX V – VALUATION CERTIFICATE IN RELATION TO THE LAND (CONT'D)

Site : The provisional land area of the Subject Property as per the title document is approximately 235,992 square metres (23.5992 hectares). However, the surveyed land area as per the Certified Plan no. PA257592 is 236,000 square metres (23.60 hectares). PT 85116 is also known as Lot 115880.

Based on Form E and Form F of the Land Acquisition Act 1960 respectively, both dated May 12, 2023 and served to Sinaran Seribumi Sdn Bhd, a portion of land measuring 1,159 square metres (0.1159 hectare) is proposed to be acquired for East Coast Rail Link (ECRL) Project vide Government of Selangor Gazette No. 254 dated January 12, 2023. As at the Valuation Date, the above land acquisition is yet to complete.

We were given to understand that the Subject Property will be separated into two (2) remaining lands after the land acquisition. The land areas of the two (2) remaining lands are approximately 234,783 square metres (23.4783 hectares) and 58 square metres (0.0058 hectare) respectively. We are opined that the remaining land measuring 58 square metres (0.0058 hectare) is not marketable and carrying insignificant MV due to its irregular shape and small land size.

For the purpose of this valuation, we therefore have adopted the net land area of 234,783 square metres (23.4783 hectares) in arriving at the MV of the Subject Property.

The net land is regular in shape encompassing a provisional land area of approximately 234,783 square metres (or about 2,527,266 square feet or 58.0180 acres). It has a direct frontage of about 1,315 feet (400.74 metres) onto Jalan Bukit Kapar and a maximum depth of approximately 3,008 feet (916.78 metres). The southern boundary of about 2,252 feet (686.50 metres) abuts onto the land designated for TNB high tension transmission lines. The distance between the centre of the nearest transmission tower and the Subject Property's southern boundary is about 100 feet.

The physical terrain of the land is generally flat and lies about the level of the frontage road. We noted during our inspection that the Subject Property was planted with ten (10) to twenty (20) years old oil palm trees. Maintenance of the oil palm trees appeared to be in a fair condition. The site boundaries were not demarcated by any form of fencing.

We have not conducted any boundary checks. However, we assume that the dimensions correspond with those shown on the title document.

We were given to understand that the vendor will undertake to clear and level the Subject Property.

APPENDIX V – VALUATION CERTIFICATE IN RELATION TO THE LAND (CONT'D)

Title Particulars

Title No.	:	HSD 166441
Lot No.	:	PT 85116
District	:	Klang
State	:	Selangor
Provisional Land Area	:	235,992 square metres (23.5992 hectares) * See Note 1
Annual Quit Rent	:	RM 154,575.00
Tenure	:	Term In Perpetuity
Registered Owner(s)	:	Sinaran Seribumi Sdn Bhd * See Note 2
Category of Land Use	:	“Industri”
Express Condition	:	“Industri Sederhana”
Restriction In Interest	:	Nil
Endorsement	:	Nil
Encumbrances	:	Charged to AmBank (M) Berhad vide Presentation No. 46171/2023 on May 31, 2023.

Note 1

The provisional land area of the Subject Property as per the title document is approximately 235,992 square metres (23.5992 hectares). However, the surveyed land area as per the Certified Plan no. PA257592 is 236,000 square metres (23.60 hectares). PT 85116 is also known as Lot 115880.

Based on Form E and Form F of the Land Acquisition Act 1960 respectively, both dated May 12, 2023 and served to Sinaran Seribumi Sdn Bhd, a portion of land measuring 1,159 square metres (0.1159 hectare) is proposed to be acquired for East Coast Rail Link (ECRL) Project vide Government of Selangor Gazette No. 254 dated January 12, 2023. As at the Valuation Date, the above land acquisition is yet to complete.

We were given to understand that the Subject Property will be separated into two (2) remaining lands after the land acquisition. The land areas of the two (2) remaining lands are approximately 234,783 square metres (23.4783 hectares) and 58 square metres (0.0058 hectare) respectively. We are opined that the remaining land measuring 58 square metres (0.0058 hectare) is not marketable and carrying insignificant MV due to its irregular shape and small land size.

For the purpose of this valuation, we therefore have adopted the net land area of 234,783 square metres (23.4783 hectares) in arriving at the MV of the Subject Property.

APPENDIX V – VALUATION CERTIFICATE IN RELATION TO THE LAND (CONT'D)

Title Particulars (Cont'd)

Lot No.	Land Area	Land Subject To Compulsory Acquisition	Land Separated From Main Portion	Net Land Area
PT 85116 / Lot 115880	236,000 square metres (23.6000 hectares)	1,159 square metres (0.1159 hectare)	58 square metres (0.0058 hectare)	234,783 square metres (23.4783 hectares)

Note 2

By a Sale and Purchase Agreement dated July 10, 2019 and two (2) Supplemental Sale and Purchase Agreements dated October 12, 2021 and May 25, 2022 respectively, the Subject Property had transferred from Sinaran Seribumi Sdn Bhd (a subsidiary of Kapar Land Sdn Bhd) to Kapar Land Sdn Bhd. Sinaran Seribumi Sdn Bhd shall hold the land title on trust as trustee for Kapar Land Sdn Bhd absolutely until such time where Kapar Land Sdn Bhd gives directions or instructions to Sinaran Seribumi Sdn Bhd to transfer the Subject Property to Kapar Land Sdn Bhd and/or their nominees.

Planning Approvals

Planning Approval : The Subject Property was zoned for industrial purposes.

APPENDIX V – VALUATION CERTIFICATE IN RELATION TO THE LAND (CONT'D)

Valuation Methodology

We have adopted the **Comparison Approach** in formulating our opinion of the current MV of the Subject Property. Only one (1) method has been adopted in valuing the Subject Property as in our opinion, the Comparison Approach is the most appropriate method of valuation to assess the MV of the Subject Property as the Subject Property comprises a parcel of vacant industrial land and the planning of development on the Subject Property is in preliminary stage only, therefore other methods of valuation are not suitable.

The **Comparison Approach** is the market approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

In arriving at our opinion of MV, we have taken into consideration amongst others, the following transactions which were extracted from the Bursa Malaysia's Announcement: -

	Comparable 1	Comparable 2	Comparable 3
Property	Lot 12 held under part of HS.(D) 165115, PT No. 84452, Mukim of Kapar, District of Klang	Lot No. B51012, Phase 3B12, Precinct 3B (Westgate), Eco Business Park V, held under part of H.S. (D) 5726, PT 10562, Mukim of Ijok, District of Kuala Selangor	Developer's Parcel No. 16, Taman Perindustrian Semanja, Bandar Puncak Alam, held under part of H.S. (D) 5721, PT 10557, Mukim Ijok, Daerah Kuala Selangor
Land Area	20.3100 acres	9.8070 acres	9.3200 acres
Type	Vacant Industrial Land	Vacant Industrial Land	Vacant Industrial Land
Tenure	Freehold	Leasehold 99 years expiring on January 13, 2101. The remaining unexpired term is about 79 years.	Leasehold 99 years expiring on January 13, 2101. The remaining unexpired term is about 79 years.
Date of Transaction	May 02, 2023	November 01, 2022	August 01, 2022
Consideration	RM60,159,844.80	RM35,974,000.00	RM30,450,000.00
Land Value (per square foot)	RM68.00	RM84.20	RM75.00
Adjusted Land Value (per square foot)	RM64.60	RM67.36	RM67.50
Remarks on Adjusted Value	Adjustments made on accessibility and size factors	Adjustments made on location, development concept/goodwill, size and tenure factors	Adjustments made on location, size and tenure factors

Valuation Methodology (Cont'd)

1. It is noted that the total adjustments for Comparable 2 is 50%. We are of the opinion that Comparable 2 is appropriate to be used as a comparable because it has land size of nearly 10 acres, is located close to the Subject Property and reflects the MV for vacant industrial land in the vicinity. Furthermore, Comparable 2 is not selected as the best comparable and the adjusted value of Comparable 2 acts as a reference point only.
2. We have adopted RM65.00 per square foot (derived from Comparable 1) for the valuation of the land calculation based on the following facts: -
 - We are of the opinion that Comparable 1 is the best evidence as the Comparable 1 is located within vicinity of the Subject Property and has the least adjustment made. It also has the most similarity with the Subject Property and was transacted about four (4) months from the Valuation Date.
 - RM65.00 per square foot is close to the average adjusted land value which is RM66.49 per square foot.
 - The Comparable 2 is a parcel of leasehold land located in an ongoing guarded development scheme developed by a more prominent developer which is approximately twenty (20) kilometres away from the Subject Property. It also has a smaller land size. These dissimilarities required more adjustments being made in analysing Comparable 2.
 - The Comparable 3 is a parcel of leasehold land located in an ongoing development scheme which is approximately twenty (20) kilometres away from the Subject Property. It also has a smaller land size. These dissimilarities required more adjustments being made in analysing Comparable 3.
3. Our verbal checking with MPK revealed that the setback required for buffer zone is 100 feet from the centre of TNB transmission tower. The distance between the centre of the nearest transmission tower and the Subject Property's southern boundary is about 100 feet. As such, the land surrendered/ reserved for the TNB transmission line is sufficient and this will not require any further set-back due to TNB transmission line and therefore there will be no impact on the demand or value of the Subject Property.
4. As at the Valuation Date, all the transactions of the 3 comparables have yet to be completed. We had selected the abovementioned 3 comparables due to the lack of sizeable vacant industrial land transaction in the vicinity. We are of the opinion that these 3 comparables are suitable to use as they have bigger land size (with land area of more than 8 acres) and are located in the vicinity of the Subject Property and therefore is reflective of the MV. We are therefore able to rely on the selected comparables notwithstanding that the transactions have not been completed as at the Valuation Date.

APPENDIX V – VALUATION CERTIFICATE IN RELATION TO THE LAND (CONT'D)



Conclusion

Taking into consideration all the relevant factors, we are of the opinion that the current MV of the unencumbered interest in the Subject Property in its existing physical condition and with the benefits of vacant possession is:-

MV - RM165,000,000.00 (Ringgit Malaysia : One Hundred and Sixty Five Million Only)

Yours faithfully,

HENRY BUTCHER MALAYSIA (SEL) SDN. BHD.



DATUK SR TEW KOK HUAT
B.Surv., MRIS(M), APEPS
Registered Valuer (V-481)



MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Malaysian Bulk Carriers Berhad (“**MBC**” or the “**Company**”) will be conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 6 December 2023 at 11:30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF A PARCEL OF FREEHOLD LAND MEASURING APPROXIMATELY 23.48 HECTARES LOCATED IN THE MUKIM OF KAPAR, DAERAH KLANG, NEGERI SELANGOR (“LAND”) BY MBC LOGISTIC HUB SDN BHD (FORMERLY KNOWN AS MBC RETAIL SDN BHD), A SUBSIDIARY OF MBC FROM KAPAR LAND SDN BHD (“KLSB”) FOR A TOTAL CASH CONSIDERATION OF RM165 MILLION (“PURCHASE CONSIDERATION”) (“PROPOSED ACQUISITION”)

“**THAT** subject to the passing of Ordinary Resolutions 2 and 3 and approvals being obtained from all relevant parties and/or authorities, approval be and is hereby given to MBC Logistic Hub Sdn Bhd (formerly known as MBC Retail Sdn Bhd), an existing subsidiary of MBC (“**MBC Logistic Hub**”) to acquire the Land from KLSB for the Purchase Consideration subject to and upon the terms and conditions of the conditional sale and purchase agreement dated 29 August 2023 entered into between MBC Logistic Hub and KLSB.

AND THAT the Board of Directors of MBC (“**Board**”) be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Acquisition and to do all such things as the Board may consider necessary or expedient or in the best interest of the Company.”

ORDINARY RESOLUTION 2

PROPOSED JOINT VENTURE BETWEEN MBC AND GOLDEN VALLEY VENTURES SDN BHD (“GVVSB”) TO JOINTLY ACQUIRE AND DEVELOP THE LAND (“DEVELOPMENT PROJECT”) (“PROPOSED JOINT VENTURE”)

“**THAT** subject to the passing of Ordinary Resolutions 1 and 3 and approvals being obtained from all relevant parties and/or authorities, approval be and is hereby given to MBC to:

- (i) undertake the Proposed Joint Venture in accordance with the terms and conditions of the conditional subscription and shareholders’ agreement (“**SSA**”) dated 29 August 2023 entered into between MBC and GVVSB, and

- (ii) in accordance with the terms of the SSA, subscribe for new ordinary shares in MBC Logistic Hub at an aggregate subscription price of RM59,999 to be satisfied in cash, which shall be allotted and issued by MBC Logistic Hub in accordance with the terms and conditions of the SSA.

AND THAT the Board is hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary, expedient and/or appropriate to implement and give full effect to the Proposed Joint Venture with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Joint Venture and to do all such things as the Board may consider necessary or expedient or in the best interest of the Company.”

ORDINARY RESOLUTION 3

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MBC AND ITS SUBSIDIARIES TO INCLUDE INDUSTRIAL PROPERTY DEVELOPMENT AND INVESTMENT (“PROPOSED DIVERSIFICATION”)

“**THAT** subject to the passing of Ordinary Resolutions 1 and 2, approval be and is hereby given to the Company to diversify the existing business of MBC and its subsidiaries to include industrial property development and investment.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things as are necessary to give full effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments as the Board may in its absolute discretion deem fit, necessary, expedient, appropriate and/or as may be required or imposed or permitted by any relevant authorities in connection with the Proposed Diversification.”

SPECIAL RESOLUTION

PROPOSED CHANGE OF NAME OF THE COMPANY FROM “MALAYSIAN BULK CARRIERS BERHAD” TO “MAYBULK BERHAD” (“PROPOSED CHANGE OF NAME”)

“**THAT** the name of the Company be changed from “Malaysian Bulk Carriers Berhad” to “Maybulk Berhad” effective from the date of the issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia (“**CCM**”) to the Company **AND THAT** the Constitution of the Company shall be amended to replace all references therein from “Malaysian Bulk Carriers Berhad” with “Maybulk Berhad” subject to and upon issuance of the relevant Certificate of Change of Name by the CCM at a later date.

AND THAT the Board and/or the Company Secretaries of the Company be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) as they may consider necessary and/or expedient to give effect to the Proposed Change of Name and to carry out all the necessary formalities in effecting the Proposed Change of Name.”

BY ORDER OF THE BOARD

Tai Yit Chan (MAICSA 7009143) (SSM PC NO.: 202008001023)
Tan Ai Ning (MAICSA 7015852) (SSM PC NO.: 202008000067)
Company Secretaries

9 November 2023
Kuala Lumpur

Notes:

1. The EGM will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("**RPEV**") facilities to be provided by Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate and vote remotely via the RPEV facilities.

Please refer to the Administrative Guide for Shareholders for the EGM on the procedures to register, participate and vote remotely via the RPEV facilities.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the EGM. Members/proxies/corporate representatives are not allowed to physically present nor admitted at the Broadcast Venue on the day of the EGM.
3. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
4. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised and in the case of corporation, shall be either under seal or under the hand of an officer or attorney duly authorised.
8. The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time for holding the virtual EGM or any adjournment thereof, failing which, the instrument of proxy shall not be treated as valid.

Alternatively, the Proxy Form can be electronically submitted via Boardroom Share Registrars' website, Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for Shareholders for further information on electronic submission.
9. The appointment of the proxy(ies) will be INVALID if the Proxy Form/e-Proxy Form is not completed correctly in accordance with the instructions stated in the form.
10. In respect of deposited securities, only members whose names appear on the Record of Depositors on Thursday, 30 November 2023 (General Meeting Record of Depositors) shall be eligible to attend the virtual meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
11. In view of the constant evolving Covid-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at www.maybulk.com.my for the latest updates on the status of the EGM.

Personal Data Privacy

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

- MEETING : **EXTRAORDINARY GENERAL MEETING**
DATE : Wednesday, 6 December 2023
TIME : 11:30 a.m.
BROADCAST VENUE : Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
- Meeting platform : <https://meeting.boardroomlimited.my> ("**Virtual Meeting Portal**")
- Mode of communication : 1) You may type your question(s) in the meeting platform. The Messaging window facility will open concurrently with the Virtual Meeting Portal one (1) hour before the scheduled commencement of the Extraordinary General Meeting ("**EGM**" or "**Meeting**"), i.e. from **10:30 a.m. on Wednesday, 6 December 2023**.
- 2) You may submit questions relating to the agenda items of the EGM in advance via Boardroom's website at <https://investor.boardroomlimited.com>, commencing from 9 November 2023 and in any event no later than **Monday, 4 December 2023 at 11:30 a.m.**

For further details on the mode of communication, please refer to note 5 of this Administrative Guide.

1. Virtual EGM

As part of our continuing safety and precautionary measures, the Company ("**MBC**") will conduct its EGM entirely via live streaming and online remote voting using remote participation and electronic voting ("**RPEV**") facilities.

The Broadcast Venue is limited to essential individuals required to be physically present at the venue to organise and conduct the virtual EGM of the Company.

Shareholders are invited to participate and vote at the forthcoming EGM via Boardroom Share Registrars Sdn. Bhd.'s meeting platform at <https://meeting.boardroomlimited.my>. **NO SHAREHOLDERS/PROXIES/ CORPORATE REPRESENTATIVES** should be physically present at or admitted to the Broadcast Venue on the day of the EGM.

2. Entitlement to participate and vote at the EGM

Only a depositor whose name appears on the Record of Depositors of the Company as at Thursday, 30 November 2023 shall be eligible to participate in the EGM or appoint proxy(ies) or corporate representative(s) to participate and vote on his/her behalf.

As the EGM is a virtual meeting, a shareholder entitled to attend and vote at the Meeting may appoint the Chairman of the Meeting as his/her proxy to attend and vote in his/her stead and indicate his/her voting instructions in the Proxy Form.

3. Voting Procedure – Poll Voting

- i. Voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- ii. The Company has appointed Boardroom Share Registrars Sdn. Bhd. (“**Boardroom**”) as poll administrator to conduct the poll by way of electronic voting (“**e-Voting**”), and independent scrutineers (“**Scrutineers**”) will be appointed to verify the results of the poll.
- iii. For the purposes of this EGM, e-Voting may be carried out via personal smart mobile phones, tablets, personal computers or laptops.
- iv. There are two (2) methods for members and proxies who wish to use their personal voting device to vote. The methods are:
 - (a) Use QR Scanner Code given in the email to you; or
 - (b) access via the website URL: <https://meeting.boardroomlimited.my>
- v. Please note that polling will only commence after announcement by the Chairman of poll opening and until such time the Chairman announces closure of the poll. The poll result report will be verified by the Scrutineers, and the results announced thereafter. The Chairman will declare whether the resolutions put to vote are duly passed.
- vi. You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the EGM has commenced. It is therefore your responsibility to ensure that connectivity for the duration of the EGM is maintained. Kindly note that the quality of the connectivity to the Virtual Meeting Portal for the live webcast and remote online voting is dependent on the bandwidth and stability of the internet connection at remote participants' locations.

4. Online Registration Procedure

- i. The RPEV facilities are available to **(i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees.**
- ii. If you wish to participate in the Meeting, you will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the Meeting is in progress.
- iii. Kindly follow the steps below on how to request for your login ID and password.

Step 1 – Register online with Boardroom Smart Investor Portal (“BSIP”) (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for Remote Participation User ID and Password.]

- a. Access the website: <https://investor.boardroomlimited.com>
- b. Click <<**Register**>> to sign up as a user.
- c. Please select the account type i.e. sign up as “Shareholder” or “Corporate Holder”.
- d. Complete registration with all required information and upload a softcopy of your or representative’s MyKad (front and back) (for Malaysian), or passport (for foreigner) in JPEG, PNG or PDF format (as the case may be).
- e. For corporate holder, kindly attach the authorisation letter as well (template available)
- f. Please enter a valid email address, mobile number and password. Click <<**Sign Up**>>.
- g. You will receive an email from Boardroom for email address verification. Click <<**Verify E-mail Address**>> to proceed with the registration.
- h. Once your email address is verified, you will be re-directed to BSIP Online for verification of your mobile number. Click <<**Request OTP Code**>> and an OTP code will be sent to the registered mobile number. Click <<**Enter**>> to enter the OTP code to complete the process.
- i. An email will be sent to you within one (1) business day informing you on the approval of your BSIP account. You can login to the BSIP at <https://investor.boardroomlimited.com> with the email address and password that you have provided during the registration to proceed with the next step.

***Check if your email address is keyed in correctly.**

***Remember the password that you have keyed in.**

Step 2 – Submit Request for Remote Participation User ID and Password

[Note: Registration for remote access will open on 9 November 2023.]

Individual/ Corporate Members

- Login to <https://investor.boardroomlimited.com> using your User ID and Password given above.
- Select <<**MEETING EVENT(S)**>> from the main menu and select the correct Corporate Event <<**MALAYSIAN BULK CARRIERS BERHAD EXTRAORDINARY GENERAL MEETING**>> from the list of Meeting Events and click <<**Enter**>>.
- Go to <<**VIRTUAL**>> and click on <<**Register for RPEV**>>.
- Tick <<**I wish to register for Remote Participation and Electronic Voting (RPEV) and join the meeting virtually**>> and enter your CDS Account Number.
- Read and agree to the General Terms & Conditions and click <<**Register**>>.

Appointment of Proxy

- Login to <https://investor.boardroomlimited.com> using your User ID and Password given above.
- Select <<**MEETING EVENT(S)**>> from the main menu and select the correct Corporate Event <<**MALAYSIAN BULK CARRIERS BERHAD EXTRAORDINARY GENERAL MEETING**>> from the list of Meeting Events and click <<**Enter**>>.
- Click on <<**Submit e-Proxy Form**>>.
- For Corporate Shareholder, select the company(ies) you would like to represent
Note: if you wish to appoint more than one (1) company, please click the home button and select “Edit Profile” in order to add the company’s name.
- Enter your CDS Account Number and the number of securities held. Select your proxy - either the Chairperson of the Meeting or individual named proxy(ies).
- Read and accept the terms and conditions by clicking “**Next**”.
- Enter the required particulars of your proxy(ies).
- Indicate your voting instructions - FOR, AGAINST or ABSTAIN, otherwise your proxy(ies) will decide your vote.
- Review and confirm your proxy(ies) appointment.
- Click “Submit”.
- Download or print the e-Proxy form as acknowledgement.

Authorised Nominees and Exempt Authorised Nominees

- Login to <https://investor.boardroomlimited.com> using your User ID and Password given above.
- Select <<**MEETING EVENT(S)**>> from the main menu and select the correct Corporate Event <<**MALAYSIAN BULK CARRIERS BERHAD EXTRAORDINARY GENERAL MEETING**>> from the list of Meeting Events and click <<**Enter**>>.
- Click on <<**Submit e-Proxy Form**>>.
- Select the company you would like to represent (if more than one).
- Proceed to download the file format for “**Submission of Proxy Form**”.
- Prepare the file for the appointment of proxy(ies) by inserting the required data.
- Proceed to upload the duly completed proxy appointment file.
- Review and confirm your appointment and click “**Submit**”.
- Download or print the e-Proxy form as acknowledgement.

*Note: if you are the authorised representative(s) for more than one (1) authorised nominee / exempt authorised corporate nominee / corporate shareholder, please click the home button and select “**Edit Profile**” in order to add the company’s name.*

Corporate Shareholders/Authorised Nominees/ Exempt Authorised Nominees/Attorneys, you may also write to bsr.helpdesk@boardroomlimited.com and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required.

*** Check the email address of Proxy or Corporate Representative is written down correctly.**

- a. You will receive a notification(s) from Boardroom that your request has been received and is being verified.
- b. Upon system verification of your registration against the **EGM Record of Depositors as at 30 November 2023**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- c. You will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
- d. If your registration is rejected, a rejection note will be provided to you via email.

* Please note that the closing date and time to submit your request is by **Monday, 4 December 2023 at 11:30a.m.**

Step 3 – Login to Virtual Meeting Portal

[Note: Please note that the quality of the connectivity to the Virtual Meeting Portal for the live webcast and remote online voting is highly dependent on the bandwidth and stability of the internet connectivity available at remote users' locations.]

- a. The Virtual Meeting Portal will open for login one (1) hour before the scheduled commencement of the EGM, i.e. from **10:30 a.m. on Wednesday, 6 December 2023**.
- b. Please follow the steps given to you in the email along with your remote access User ID and Password to login to the Virtual Meeting Portal (*Refer to Step 2(c) above*).
- c. The steps given will also guide you on how to view the live webcast, submit questions and vote.
- d. The live webcast will end and the Messaging window (for submission of questions) will be disabled once the Chairman announces the closure of the EGM.
- e. You can then logout from the Virtual Meeting Portal.

Note to users of the RPEV facilities:

1. Should your application to join the meeting be approved, Boardroom will facilitate your participation in the live stream meeting and remote voting. Your login to the Virtual Meeting Portal on the day of meeting will indicate your presence at the virtual meeting.
2. If you encounter any issues with login, connecting to the live stream meeting or online voting, please call Boardroom at +603 7890 4700 or send an email to bsr.helpdesk@boardroomlimited.com for assistance.

5. Mode of Communication

Shareholders may submit questions relating to the agenda items of the EGM in advance commencing from 9 November 2023 and in any event no later than 11:30 a.m. on Monday, 4 December 2023 via Boardroom's website at <https://investor.boardroomlimited.com>, and select <<**SUBMIT QUESTION**>> to pose questions ("**Pre-EGM Meeting Questions**").

Alternatively, you may submit any questions for the Chairman/Board during the EGM using the Messaging window facility which will open concurrently with the Virtual Meeting Portal one (1) hour before the scheduled commencement of the EGM, i.e. from 10:30 a.m. on Wednesday, 6 December 2023.

The Chairman and management will respond to their best endeavours, questions submitted by shareholders which relate to the matters in the agenda of the EGM. Questions that are similar or on the same matter may be consolidated and answered together.

Please note that no recording or photography of the EGM proceedings is allowed without the prior written permission of the Company.

6. Lodgement of Proxy Form

Please deposit your completed Proxy Form at the office of Boardroom Share Registrars Sdn. Bhd. at **11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than forty-eight (48) hours before the time appointed for the holding of the EGM, i.e. not later than **Monday, 4 December 2023 at 11:30a.m.**

Alternatively, the proxy appointment can also be lodged electronically via the “Boardroom Smart Investor Portal” at <https://investor.boardroomlimited.com> which is available to individual shareholders, not less than forty-eight (48) hours before the time appointed for the holding of the EGM, i.e. **Monday, 4 December 2023 at 11:30a.m.** For further information, kindly refer to note (4) – “Online Registration Procedure” above.

The lodging of the Proxy Form will not preclude you from personally participating remotely and voting at the EGM should you subsequently wish to do so.

Should you wish to personally participate remotely in the EGM, kindly register your intention to do so via Boardroom’s website at <https://investor.boardroomlimited.com> (refer to note 4 - Steps 1 to 3 above). Please note that upon your registration to personally participate remotely in the EGM, any previous proxy appointment will be deemed revoked. Alternatively, please write in to bsr.helpdesk@boardroomlimited.com to revoke your earlier proxy appointment **no later than Monday, 4 December 2023 at 11:30a.m.**

7. Communication guidance

Shareholders are also reminded to monitor the Company’s website and announcements for any changes to the EGM arrangements.

8. No door gifts/vouchers

No door gifts or e-vouchers will be distributed to shareholders/proxies who participate in the EGM.

9. Enquiries

Should you have any enquiry prior to the EGM or if you wish to request technical assistance to participate the EGM, please contact Boardroom during office hours (8:30 a.m. to 5:30 p.m.) as follows:

Boardroom Share Registrars Sdn. Bhd.

Address	:	11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan
General line	:	+603 7890 4700
Fax number	:	+603 7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com



MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of Shares held

I/We, NRIC/Passport/Registration No.:
(Full name in block letters)

of
(Address)

being a member/members of Malaysian Bulk Carriers Berhad, hereby appoint(s):

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			
Address			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			
Address			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("EGM") of the Company to be conducted on a virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 6 December 2023 at 11:30 a.m. or any adjournment thereof in the manner indicated below:

Item	Agenda	Resolution	FOR	AGAINST
1.	Proposed Acquisition	Ordinary Resolution 1		
2.	Proposed Joint Venture	Ordinary Resolution 2		
3.	Proposed Diversification	Ordinary Resolution 3		
4.	Proposed Change of Name	Special Resolution		

*delete whichever not applicable

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Dated this.....day of2023

Signature(s) of member(s)



Notes:

1. The EGM will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("**RPEV**") facilities to be provided by Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate and vote remotely via the RPEV facilities.

Please refer to the Administrative Guide for Shareholders for the EGM on the procedures to register, participate and vote remotely via the RPEV facilities.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the EGM. Members/proxies/corporate representatives are not allowed to physically present nor admitted at the Broadcast Venue on the day of the EGM.
3. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
4. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised and in the case of corporation, shall be either under seal or under the hand of an officer or attorney duly authorised.
8. The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time for holding the virtual EGM or any adjournment thereof, failing which, the instrument of proxy shall not be treated as valid.

Alternatively, the Proxy Form can be electronically submitted via Boardroom Share Registrars' website, Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for Shareholders for further information on electronic submission.
9. The appointment of the proxy(ies) will be INVALID if the Proxy Form/e-Proxy Form is not completed correctly in accordance with the instructions stated in the form.
10. In respect of deposited securities, only members whose names appear on the Record of Depositors on Thursday, 30 November 2023 (General Meeting Record of Depositors) shall be eligible to attend the virtual meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
11. In view of the constant evolving Covid-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at www.maybulk.com.my for the latest updates on the status of the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the EGM dated 9 November 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

**The Share Registrar of
MALAYSIAN BULK CARRIERS BERHAD**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

1st fold here

