

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

ACQUISITION OF 100% EQUITY INTEREST IN EMT SYSTEMS SDN BHD (FORMERLY KNOWN AS E METALL SYSTEMS SDN BHD) (“EMTS”) FOR A PURCHASE CONSIDERATION OF RM70,000,000 (“ACQUISITION”)

1. INTRODUCTION

On behalf of the Board of Directors of MBC (“**Board**”), Kenanga Investment Bank Berhad (“**Kenanga IB**”) wishes to announce that MBC had on 18 January 2023 entered into a share sale agreement (“**SSA**”) with Grand East Metal (Kulim) Sdn Bhd (“**GEM**”) and Goh Ting Hong (collectively referred to as the “**Vendors**”) for the acquisition of 1,000,000 ordinary shares in EMTS (“**Sale Shares**”), representing the entire equity interest in EMTS, for a total purchase consideration of RM70,000,000 (“**Purchase Consideration**”).

Following the Acquisition, EMTS will become a wholly-owned subsidiary of MBC.

2. DETAILS OF THE ACQUISITION

2.1 Information on EMTS

EMTS is a private limited company incorporated in Malaysia under the Companies Act, 2016 (“**Act**”) on 9 May 2017. EMTS is an end-to-end racking systems, logistics 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.

EMTS was founded by Goh Ting Hong (“**Jason Goh**”), a mechanical engineer with over 12 years of experience in the steel and storage solutions business, who is currently the managing director of EMTS. Please refer to Section 2.2.2 of this announcement for his profile.

EMTS commenced operations in 2017 and is currently headquartered in Sungai Bakap, Penang with a branch warehouse in Jeram, Selangor. EMTS mainly sells its products through its network of authorised dealers/distributors in Malaysia, Australia, Singapore Thailand, Philippines and Indonesia.

EMTS’ products include industrial pallet racking systems, commercial shelving and retail display shelving solutions, each of which has different features and is suitable for different applications. EMTS also designs and develops racking for international racking company. Due to the wide range of products offered by EMTS, its clientele includes multinational companies in the logistics, oil and gas, e-commerce, manufacturing, food and beverage and retail industries.

In addition to the above, EMTS also offers turn-key solutions directly whereby EMTS designs, supplies and installs industrial racking and storage solutions for end-customers.

As at 31 December 2022, being the latest practicable date prior to this announcement (“**LPD**”), the issued share capital of EMTS is RM1,000,000 comprising 1,000,000 ordinary shares and the shareholders of EMTS are as follows:-

<u>Name</u>	<u>No. of EMTS shares</u>	<u>%⁽¹⁾</u>
GEM	700,000	70.00
Jason Goh	300,000	30.00

Note:-

(1) Based on the EMTS’s issued share capital of 1,000,000 ordinary shares as at the LPD.

As at the LPD, the directors of EMTS are Jason Goh and Loh Cheng Hoon.

The selected audited financial information of EMTS for the past 3 audited financial years ended 31 December (“FYE”) 2019, 2020 and 2021 are set out below:-

	Audited		
	FYE 2019	FYE 2020	FYE 2021
	(RM'000)	(RM'000)	(RM'000)
Revenue	17,967	33,277	60,718
Profit before tax (“PBT”)	431	1,621	5,874
Profit after tax (“PAT”)	364	1,444	4,203
Shareholders’ equity / net asset (“NA”)	1,163	2,607	6,811
Borrowings	157	376	906
PBT margin (%)	2.40	4.87	9.67
PAT margin (%)	2.03	4.34	6.92
Gearing (times)	0.14	0.14	0.13

As shown above, EMTS’ revenue increased from RM17.97 million in FYE 2019 to RM60.72 million in FYE 2021, representing a compound annual growth rate (“CAGR”) of 83.83%. The growth in revenue was mainly due to higher demand for shelving and storage solutions from e-commerce companies and new grocery retail outlets as well as an increase in the demand for more on-site storage by various industries.

The geographical markets of EMTS for the FYE 2021 are as follows:-

Country	(RM'000)	(%)
Malaysia	41,460	68.28
Australia	17,635	29.04
Singapore	822	1.35
Philippines	745	1.23
Thailand	56	0.09
Total	60,718	100.00

The average selling price of EMTS products increased due to the high demand for shelving and storage solutions mentioned above. In line with this, EMTS’ PAT increased from RM0.36 million in FYE 2019 to RM4.20 million in FYE 2021, representing a CAGR of 239.80%.

As at the LPD, EMTS does not have any subsidiaries and/or associate companies.

2.2 Information on the Vendors

2.2.1 GEM

GEM is private limited company incorporated in Malaysia under the Companies Act, 1965 on 18 July 2002. GEM is principally involved in the import-export trade of slag from manufacturing of iron and steel, ferrous scrap and non-ferrous scrap.

As at the LPD, the issued share capital of GEM is RM500,000 comprising 500,000 ordinary shares and the shareholders of GEM are as follows:-

Name	No. of GEM shares	%⁽¹⁾
Wong Chin Wah	250,000	50.00
Puah Weng Khim	250,000	50.00

Note:-

(1) Based on the GEM’s issued share capital of 500,000 ordinary shares as at the LPD.

As at the LPD, the directors of GEM are Jason Goh, Loh Cheng Hoon and Puah Weng Khim.

2.2.2 Jason Goh

Jason Goh, aged 37, a Malaysian, is a director and shareholder of EMTS. He was appointed to the board of directors of EMTS on 9 May 2017. He holds a Bachelor of Engineering from Sheffield Hallam University, United Kingdom and has over 12 years' of experience in the steel and storage solutions business.

Jason Goh began his career in 2010 with a building materials company specialising in the trading of steel, where he was involved in sales and marketing. In 2013, he joined an elevator manufacturing company in Malaysia as a Mechanical Design Engineer where he was mainly involved in the development, design and engineering of elevators.

In 2015, he joined a metalwork and industrial process machinery and equipment manufacturing company listed on the Main Market of Bursa Malaysia Securities Berhad, as a Sales Engineer. In his role, Jason Goh was involved in sales and marketing.

Subsequently, in 2017, Jason Goh founded EMTS where he is currently the managing director. With his expertise as a mechanical engineer coupled with his extensive experience working with steel structures, EMTS has grown to become an end-to-end racking systems and logistics storage and retail display solutions provider, serving customers in Malaysia and subsequently expanding to overseas markets under his leadership.

Pursuant to the terms in the SSA as set out in Section 2.3.5 below, Jason Goh, had entered into a management service contract with EMTS for a period of 3 years to continue to act as the managing director of EMTS ("**Management Service Contract**") upon completion of the SSA.

2.3 Salient terms of the SSA

2.3.1 Sale and purchase of the Sale Shares

The Vendors shall sell and MBC shall purchase the Sale Shares, representing 100% equity interest in EMTS, free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared, paid or made in respect thereof within 14 business days from the date of the SSA ("**Completion Date**") but subject to payment of the Deferred Dividend (as set out in Section 2.3.3 below) to the Vendors.

2.3.2 Purchase Consideration

In consideration for the Sale Shares, MBC agrees to pay the Vendors the Purchase Consideration only by way of cash payment on the Completion Date. The proportions of the Purchase Consideration for the respective Vendors are set out below:-

<u>Name</u>	<u>No. of Sale Shares</u>	<u>Percentage of Sale Shares</u>	<u>Purchase Consideration</u>
		<u>(%)</u>	<u>(RM)</u>
GEM	700,000	70.0	49,000,000
Jason Goh	300,000	30.0	21,000,000
Total	1,000,000	100.0	70,000,000

2.3.3 Deferred Dividend

- (a) Notwithstanding the completion of this Agreement, the Parties agreed to pay a deferred dividend ("**Deferred Dividend**") to the Vendors proportionate to the percentage of Sale Shares held by each Vendor (as set out in Section 2.3.2 above) within 21 business days from when the audited accounts for the FYE 2022 has been finalised and issued.
- (b) The Deferred Dividend shall be all the amount in excess of RM10,000,000 of the shareholders' fund of EMTS as shall be reported in the audited accounts for the FYE 2022 and shall be paid out of the retained earnings of EMTS only.

2.3.4 Condition Subsequent

- (a) The Vendors shall use all necessary endeavours to complete the share sale agreement dated 28 December 2022 ("**Lienteh SSA**") entered between the Vendors and EMTS whereby the Vendors have agreed to purchase from EMTS, 9,500,000 ordinary shares in Lienteh Technology Sdn Bhd ("**Lienteh**") ("**Lienteh Shares**"), representing approximately 31.7% of the total issued shares of Lienteh Technology Sdn Bhd ("**Condition Subsequent**") within 3 months from the Completion Date or such other extended period as may be mutually agreed by the parties in the SSA in writing ("**Fulfilment Period**").
- (b) The Vendors agree that they shall jointly and severally indemnify and keep MBC fully indemnified against any and all losses (includes, in respect of any matter, event or circumstance, all demands, claims, actions, proceedings, damages, payments, fines, penalties, compounds, losses, costs (including legal costs), expenses (including taxation), disbursements or other liabilities in any case of any nature whatsoever) incurred or suffered by MBC in connection to, as a consequence of, incidental to or with respect of the Lienteh Shares, the Lienteh SSA and/or the non-fulfilment of the Condition Subsequent within the Fulfilment Period.

2.3.5 Termination Prior to Completion

- (a) It is a terminating event by MBC, whether or not it is within the control of any of the Vendors, if:
 - (i) any of the Vendors fail or neglect to observe, perform or proceed regularly and diligently with performance of any of its obligations or undertakings under the SSA and shall fail to remedy such failure (if capable of remedy) within 14 days (or such further period as may be specified by MBC) upon its receipt of a notice from MBC specifying such breach;
 - (ii) any representation, warranty or undertaking relating to any of the Vendors or given by any of the Vendors under the SSA becomes false, misleading or incorrect when made or deemed to be made under the SSA;
 - (iii) any legal proceeding, suit, action, litigation or arbitration proceeding is commenced against any of the Vendors or its director which has or might reasonably be expected to have an adverse effect against any of the Vendors' ability to perform its obligations hereunder and is not remedied within 30 days (or such further period as may be specified by MBC) from the date of notice in writing by MBC;

- (iv) a receiving order or adjudication order, creditor's petition or debtor's petition of bankruptcy is issued or threatened against any of the Vendors, which could involve the appointment of receiver, receiver and manager, administrator or similar officials over their assets;
 - (v) an order or petition of winding-up is issued or threatened against any of the Vendors or EMTS, which could involve the appointment of receiver, receiver and manager, administrator or similar officials over their assets; or
 - (vi) any of the Vendors or EMTS enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, their creditors or any class of them pursuant to the applicable laws and requirements applicable to any of them.
- (b) Upon occurrence of any such event as set out in item 2.3.4(a)(i) to (vi) above on or prior to the Completion Date, MBC shall be entitled to:
- (i) the right of specific performance of the SSA against the Vendors and all such reliefs flowing therefrom and such remedy shall be in addition to and not in lieu of, limitation or diminution of other remedies provided to MBC under the SSA or otherwise at law or in equity to claim for damages as a result of such breach by the Vendors; or
 - (ii) terminate the SSA with immediate effect by giving written notice to the Vendor on or before the Completion Date ("**Termination Notice**"), whereupon:
 - (aa) the Vendors shall reimburse MBC all costs and expenses incurred by MBC on a reasonable basis, for the sale and purchase of the Sale Shares contemplated hereunder within 14 business days from the date of the Termination Notice;
 - (bb) MBC shall return all the documents received from the Vendors within 14 business days from the date of the Termination Notice; and
 - (cc) thereafter, the SSA shall lapse and cease to have any effect and none of the parties shall have any claims whatsoever against the other parties in respect of the SSA.

2.3.6 Completion

- (a) The Completion Date for the SSA shall fall on any day within 14 business days from the date of the SSA or such other date as may be mutually agreed by the parties in writing.
- (b) Subject always to and provided that:
 - (i) each of the representations and warranties by the Vendors and MBC shall remain true and accurate in all material respects as of the Completion Date with the same effect as though made on such date; and
 - (ii) the Vendors having received the Purchase Consideration in the proportions as set out in item 2.3.2 above; and

- (iii) there shall have been no termination of the SSA pursuant to item 2.3.4 above,

the sale and purchase of the Sale Shares shall be completed on the Completion Date at a place to be mutually agreed by the parties, failing which, it shall be held at the office of MBC whereby the Vendors shall deliver to MBC the following:

- (aa) the original share certificates to the Sale Shares;
- (bb) the valid and registrable memoranda of transfer of the Sale Shares duly executed by the Vendors in favour of MBC;
- (cc) the resolution of the directors of EMTS approving the transfer of the Sale Shares in favour of MBC;
- (dd) if required, all the statutory and account books of EMTS, invoices, common seal and all other documents relating to EMTS;
- (ee) the Management Service Contract duly executed by Jason Goh;
- (ff) all documents of title, if any, pertaining to the assets of EMTS and all the necessary authorisations as shall be necessary so as to enable the MBC to obtain physical possession of the assets of EMTS; and
- (gg) such waivers, consents or other documents as may be required to give a good title to the Sale Shares and to enable MBC or its nominee(s) to become the registered owner(s) of the Sale Shares.

2.3.7 Profit Guarantee

- (a) The Vendors guarantee that EMTS shall achieve a PAT of not less than RM6,000,000.00 only ("**Guaranteed PAT**") for each FYE 2022 and FYE 2023 ("**Profit Guarantee Periods**") ("**Profit Guarantee**").
- (b) In the event that EMTS fails to achieve the Guaranteed PAT for any of the Profit Guarantee Periods, the Vendors shall, on demand from the Purchaser, make payment to EMTS within 21 business days of such demand, the shortfall amount between the Guaranteed PAT and the actual PAT of EMTS for the relevant Profit Guarantee Periods ("**Shortfall Sum**").
- (c) The audited accounts of EMTS for the Profit Guarantee Periods shall:
 - (i) be prepared in accordance with the approved accounting standards; and
 - (ii) save for any manifest errors, be conclusive and binding on the Vendors.
- (d) In determining the PAT for the Profit Guarantee Periods, the auditors of EMTS shall:
 - (i) include only profits derived from EMTS' ordinary course of business;

- (ii) exclude any exceptional gains;
 - (iii) exclude any profits/effects of the transaction(s) involving the sale of shares in Lienteh and Eonmetall Group Berhad as well as any consequential tax impact that may arise as a result; and
 - (iv) exclude profits derived from any sale of EMTS' assets.
- (e) For the avoidance of doubt, no excess in respect of the difference in between the profit guarantee of RM6,000,000 and the PAT for the FYE 2022 shall be taken into account in determining the PAT or Shortfall Sum, as the case may be for the FYE 2023.
- (f) MBC shall not make any demand for the Shortfall Sum until and unless the audited accounts of EMTS for the FYE 2022 has been finalised and issued.

2.4 Basis of and justification for the Purchase Consideration

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

- (i) an estimated range of indicative values of RM75.4 million to RM84.8 million for EMTS based on the discounted cash flow approach as derived by BDO Capital Consultants Sdn Bhd set out in their valuation letter dated 16 January 2023;
- (ii) the historical financial performance of EMTS as set out in Section 2.1 of this announcement. EMTS had recorded a growth in its revenues and PAT for the past 3 financial years at a CAGR of 83.83% and 239.80%, respectively;
- (iii) the strategic rationale of the Acquisition and the consequent potential benefits accruing to the Company as set out in Section 3 of this announcement;
- (iv) the future prospects of EMTS as set out in Section 4 of this announcement; and
- (v) the Profit Guarantee undertaken by the Vendors for the FYE 2022 of EMTS (as disclosed in Section 2.3.7 of this announcement). The Board is of the opinion that the Profit Guarantee provided is realistic, after taking into consideration items (i), (ii) and (iv) above as well as the 11-month operating PAT of RM5.49 million based on the latest management accounts of EMTS for the 11-month financial period ended 30 November 2022.

2.5 Source of funding

The Purchase Consideration shall be fully satisfied in cash from the internally-generated funds of MBC and its subsidiaries (“**MBC Group**” or “**Group**”).

2.6 Liabilities to be assumed

Save as disclosed in the financial statements of EMTS, there are no other liabilities, including contingent liabilities and guarantees to be assumed by MBC arising from the Acquisition.

3. RATIONALE AND BENEFITS OF THE ACQUISITION

The Acquisition is in line with the Group's objective of 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 prices which are beyond the Group's control.

The Acquisition will provide an opportunity for the Group to venture into the business of commercial and industrial shelving. The Group is of the view that the demand for steel shelving solutions is expected to remain robust, driven by amongst others, the growth of the wholesale and retail industry and e-commerce activities in Malaysia as well as the continued expansion of logistics and warehousing companies.

The Board also takes cognizance of the Profit Guarantee undertaken by the Vendors for the FYE 2022 and FYE 2023 of EMTS. Over the past 3 FYEs, EMTS had recorded an upward trend in revenue and PAT. Kindly refer to Section 2.1 of this announcement for further information on the historical audited financial information of EMTS.

Upon completion of the Acquisition, the assets of and the profits generated by EMTS will be consolidated into the Group. The Group expects that the Acquisition will contribute positively to the future earnings of the Group, given the following:-

- (i) the established business of EMTS which offers storage solutions for warehouses, logistics hubs and factories as well as display units for retail outlets;
- (ii) the Profit Guarantee provided by the Vendors;
- (iii) the outlook of the transportation and sub-storage sector in Malaysia as set out in Section 4.1 of this announcement; and
- (iv) offers a future opportunity for the MBC Group for further expansion into new related products and/or complementary business activities such as logistics and warehousing management.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the transportation and sub-storage sector in Malaysia

The transportation and storage subsector surged by 30.7% in the first half of 2022, backed by the significant growth of all segments following a more vigorous highway, port and airport activities. The growth of total cargo and container handled in ports was supported by strong external demand with total trade increased by 28.2% to RM1,354.9 billion.

In the second half of 2022, the transportation and storage subsector is expected to rebound by 24.8%, mainly attributed to the land transport segment following continuous increase in highway traffic volume as well as improve in ridership of rail transport. In addition, the water transport segment is projected to continue contributing to the subsector's growth primarily through high container and cargo shipment activities. Overall, the subsector is projected to increase by 27.6% in 2022.

The transportation and storage subsector is anticipated to grow by 7% in 2023, supported by all segments due to the expansion in rail, highway, port and airport activities as well as sustained external demand. However, the water transport segment is expected to expand moderately as trade growth soften.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.2 Overview and outlook of the wholesale and retail trade subsector in Malaysia

The wholesale and retail trade subsector rose by 10.4% in the first half of 2022, supported by strong performance in all segments. The robust performance of the subsector was buoyed by an increase in household spending following improvement in the labour market and consumers' confidence. In addition, the motor vehicles segment contributed significantly to the first half performance as vehicles purchase rose substantially, taking advantage from the sales tax exemption for passenger cars until the end of June 2022. The subsector is expected to expand by 7.2% in the second half following improvement in all segments especially the retail trade, in line with the increase in the number of new convenience store outlets.

The wholesale and retail trade subsector is expected to remain the key contributor to the services sector with a growth rate of 3.4%, following the expansion in retail segment, particularly due to wider usage of e-commerce and rapid transition to digitalisation. The effort by the Government in creating a cashless society ecosystem throughout the country, especially in rural areas through Retail Sector Digitalisation Initiative Programme will provide additional impetus to the growth of the segment. In addition, the anticipated improvement in disposable income following better prospect in the labour market will spur growth of the subsector.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.3 Prospects and future plans of EMTS

EMTS is an end-to-end racking systems and logistics storage and retail display solutions provider. Moving forward, EMTS intends to continue growing its business through the following business strategies:-

- (i) secure more turn-key projects by marketing its industrial racking solutions directly to project owners / end-customers;
- (ii) expand its network of authorised dealers/distributors in Malaysia as well as in other countries in order to reach more customers; and
- (iii) expand its range of products to include shelving solutions made from more non-steel materials such as medium density fibreboard, which is a sustainable and environmentally friendly alternative to steel as it is constructed primarily from wood fibre, wood shavings and other portions of the wood that might normally be discarded and would allow EMTS to tap into a new group of customers.

The Group is also of the view that the demand for shelving and storage solutions is expected to remain robust, driven by amongst others, the growth of the wholesale and retail industry and e-commerce activities in Malaysia as well as the continued expansion of logistics and warehousing companies.

Premised on the above, the rationale and benefits of the Acquisition as set out in Section 3 of this announcement as well as the growth strategies above, the Board is optimistic of the future prospects of the Group moving forward.

(Source: Management of MBC)

5. RISK FACTORS IN RELATION TO THE ACQUISITION

5.1 Acquisition risk

Pursuant to the Acquisition, the Group will be subject to new business and operational risks relating to the shelving and storage solutions industry, which include but are not limited to:-

- (i) availability of raw materials and sub-contractors at reasonable prices and on a timely manner;
- (ii) competition from both new entrants and established players in the shelving and storage solutions industry; and
- (iii) adverse developments in the political, economic, regulatory and social conditions in Malaysia including, economic downturn and unfavourable changes in governmental policies such as methods of taxation, currency exchange rules or introduction of new regulations.

Notwithstanding the above, the Acquisition is expected to contribute positively to the future performance of the Group. However, there is no assurance that the anticipated benefits will be realised after its completion and that the Group will be able to generate sufficient revenue or earnings to offset the associated costs arising from the Acquisition.

5.2 Dependence on key personnel

The future success of EMTS will depend upon on its ability to attract and retain certain of its key personnel. The loss of these key personnel may have an unfavourable and material impact on the performance of the Group as the continued success of the business is considerably dependent on the combined efforts of key personnel team of EMTS with the key management and directors of MBC.

Pursuant to the terms of the SSA, Jason Goh, the director of EMTS, will stay on in the management of EMTS for a period of 3 years from the completion date of the SSA. In addition, it is the intention of MBC to retain the other members of EMTS' management team to maintain leadership continuity to drive the business. The Group will adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and retain their services. However, there is no assurance that the loss of any such key personnel will not adversely affect the success of the business.

5.3 Non-fulfilment of the Profit Guarantee

The Profit Guarantee is based on various bases and assumptions which are deemed reasonable, but nevertheless subject to certain uncertainties and contingencies, which may be beyond EMTS' control. While the Board has taken reasonable steps to assess the achievability of the Profit Guarantee which includes assessing the EMTS past financial performance, the strategic rationale of the Acquisition and the consequent potential benefits accruing to the Company as well as the future prospects of EMTS as set out in Section 4 of this announcement, there is no assurance that the Profit Guarantee will be met.

Pursuant to the terms of the SSA, in the event that EMTS fails to achieve the Profit Guarantee for the FYE 2022 and FYE 2023, the Vendors shall, on demand from the Company, make payment to the Company within 21 business days of such demand, the shortfall amount between the Profit Guarantee and the actual PAT for the FYE 2022 and FYE 2023, respectively.

5.4 Impairment risk

The Group expects to recognise goodwill arising from the Acquisition being the difference between the Purchase Consideration and the net fair value of all of the assets purchased in the acquisition and the liabilities assumed upon completion of the Acquisition.

The goodwill, if any, will be subjected to periodic impairment testing and any downward adjustment to the goodwill may materially affect the financial position and results of the Group.

Nevertheless, the Group will continuously monitor the financial and cash flow performance of EMTS to ensure that the goodwill is supported by the cash flows of the cash generating units.

6. EFFECTS OF THE ACQUISITION

6.1 Share capital

The Acquisition will not have any effect on the issued share capital of the Company.

6.2 NA and gearing

The Acquisition will not have any material effect on the NA & gearing of the Group. However, the future profit contribution arising from the Acquisition is expected to have a positive impact on the future NA of the Group.

6.3 Substantial shareholders' shareholdings

The Acquisition will not have any effect on the substantial shareholders' shareholdings in the Company.

6.4 Earnings and EPS

The Acquisition is expected to contribute positively to the future earnings and EPS of the Group via the expected earnings contribution to be derived from EMTS.

For illustrative purposes, assuming the Acquisition had been effected at the beginning of the FYE 2021, the pro forma effects of the Acquisition on the consolidated earnings and EPS of MBC are as follows:-

	FYE 2021	After the Acquisition
	(RM'000)	(RM'000)
PAT attributable to owners of the Company	195,245	195,245
Add : PAT attributable to owners of EMTS	-	4,203
Pro forma PAT attributable to owners of the Company	195,245	199,448
Weighted average no. of shares ('000)	1,000,000	1,000,000
EPS (sen)	0.1952	0.1994

6.5 Convertible securities

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

7. APPROVALS REQUIRED

The Acquisition is not subject to the approval of the shareholders of the Company and/or any relevant authorities.

8. PERCENTAGE RATIO

The highest percentage ratio applicable for the Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 14.92%.

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

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Acquisition.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Acquisition, including the salient terms of the SSA, the basis of and justification for the Purchase Consideration as well as the rationale and benefits of the Acquisition, is of the opinion that the Acquisition is in the best interest of the Company.

11. ESTIMATED TIMEFRAME FOR COMPLETION

The Acquisition is expected to be completed within 1 month of this announcement.

12. ADVISER

Kenanga IB has been appointed by the Company to act as the Principal Adviser in relation to the Acquisition.

13. 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 for a period of 3 months from the date of this announcement:-

- (i) the SSA; and
- (ii) the valuation letter dated 16 January 2023 prepared by BDO Capital Consultants Sdn Bhd mentioned in Section 2.4(i) of this announcement.

This announcement is dated 18 January 2023.