

FOR IMMEDIATE RELEASE

24 August 2023

To:	Attention:	Email:
Securities Commission Malaysia	Encik Ahmad Zulkharnain Musa	tomannouncement@seccom.com.my
MMC Port Holdings Sdn Bhd	The Board of Directors	cosec@mmc.com.my
Berita Harian	The Editor, Business Section	bhnews@bh.com.my
Utusan Malaysia	The Editor, Business Section	ekonomi@utusan.com.my
The Star	The Editor, Business Section	starbiz@thestar.com.my
Bernama	The Editor, Business Section	helpdesk@bernama.com
The New Straits Times	The Editor, Business Section	news@nst.com.my
The Edge	The Editor, Business Section	eeditor@bizedge.com
The Malaysian Reserve	The Editor, Business Section	news@themalaysianreserve.com
The Sun Daily	The Editor, Business Section	sunbiz@thesundaily.com
Nanyang Siang Pau	The Editor, Business Section	editor@enanyang.my
Sin Chew Jit Poh	The Editor, Business Section	newsroom@sinchew.com.my
China Press	The Editor, Business Section	newscentre@chinapress.com.my

NCB HOLDINGS BHD (“NCB”)

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE TO BE UNDERTAKEN BY NCB PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SCR”)

The Board of Directors (“**Board**”) of MMC Port Holdings Sdn Bhd (“**MMC Port**”), the controlling shareholder of NCB, wishes to announce that MMC Port had today issued a letter to the Board of NCB to request NCB to undertake the Proposed SCR (“**SCR Offer Letter**”). Upon the successful completion of the Proposed SCR, MMC Port will hold the entire share capital of NCB.

The Proposed SCR entails a selective capital reduction and a corresponding capital repayment of a cash amount of RM4.80 for each ordinary share in NCB held by all shareholders of NCB (other than MMC Port and persons acting in concert with it) whose names appear in the Record of Depositors of NCB as at the close of business on an entitlement date to be determined and announced later by the Board (“**Entitled Shareholders**”).

The Proposed SCR will be funded by way of an advance from MMC Port to NCB. MMC Port confirms that the Proposed SCR will not fail by reason of insufficient financial capability of MMC Port and NCB, and that every Entitled Shareholder will be paid in full by cash.

Please refer to the SCR Offer Letter attached herein for further details on the Proposed SCR.

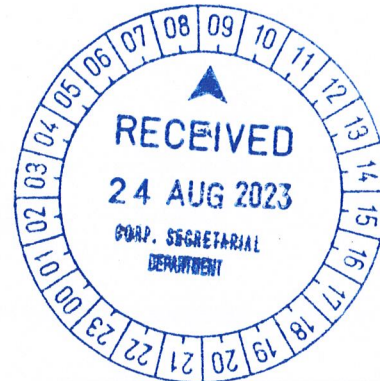
Yours faithfully,
For and on behalf of
MMC PORT HOLDINGS SDN BHD



.....
BADRULHISYAM FAUZI
Director

STRICTLY PRIVATE AND CONFIDENTIAL

Date: 24 August 2023

 Board of Directors
NCB HOLDINGS BHD
 Ground Floor, Wisma Budiman
 Persiaran Raja Chulan
 50200 Kuala Lumpur


Dear Sirs,

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE TO BE UNDERTAKEN BY NCB HOLDINGS BHD (“NCB”) PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SCR”)
1. INTRODUCTION

- 1.1 We, MMC Port Holdings Sdn Bhd (“**MMC Port**” or “**Offeror**”), in our capacity as the controlling shareholder of NCB, hereby notify you of our intention to request NCB, to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Act which will result in MMC Port holding the entire share capital of NCB upon completion of the Proposed SCR (“**Letter**”).
- 1.2 We wish to request NCB to present the Proposed SCR to its shareholders (other than MMC Port) for their consideration and approval.
- 1.3 MMC Corporation Berhad (“**MMC**”), who directly holds the entire equity interest in MMC Port, is deemed to be the ultimate offeror for the Proposed SCR (“**Ultimate Offeror**”).
- 1.4 As at 18 August 2023, being the latest practicable date of this Letter (“**LPD**”), the issued share capital of NCB is RM470,557,708 comprising 470,252,708 ordinary shares in NCB (“**NCB Shares**”). MMC Port holds 466,293,554 NCB Shares, representing approximately 99.16% of the share capital of NCB. As at the LPD, MMC Port and MMC have not entered into or been granted any option to acquire any of the NCB Shares. As at the LPD, there are no parties acting in concert with MMC Port or MMC in respect of the Proposed SCR, who holds NCB Shares.
- 1.5 The respective shareholdings of the Ultimate Offeror and the Offeror in NCB as at the LPD are set out as follows:

	Direct		Indirect	
	No. of NCB Shares	(1)%	No. of NCB Shares	(1)%
<u>Offeror</u>				
MMC Port	466,293,554	99.16	-	-
<u>Ultimate Offeror</u>				
MMC	-	-	(2)466,293,554	99.16

Notes:

(1) Based on 470,252,708 NCB Shares in issue as at the LPD.

(2) Deemed interested by virtue of its interest in MMC Port pursuant to Section 8 of the Act.

2. DETAILS OF THE PROPOSED SCR

- 2.1 The Proposed SCR involves NCB undertaking a selective capital reduction and a corresponding capital repayment exercise pursuant to Section 116 of the Act in respect of the NCB Shares held by all the shareholders of NCB (other than MMC Port), whose names appear in the Record of Depositors of NCB maintained with Bursa Malaysia Depository Sdn Bhd as at the close of business on an entitlement date to be determined and announced later by the Board of Directors of NCB ("**Board**") ("**Entitlement Date**") ("**Entitled Shareholders**").
- 2.2 As at the LPD, the Entitled Shareholders hold 3,959,154 NCB Shares, representing 0.84% of the share capital of NCB.
- 2.3 Pursuant to the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM19,003,939.20, which represents a cash repayment of RM4.80 for each NCB Share ("**SCR Offer Price**") held by the Entitled Shareholders on the Entitlement Date. For the avoidance of doubt, MMC Port will not be entitled to the repayment of capital pursuant to the Proposed SCR.
- 2.4 Upon the successful implementation of the Proposed SCR, the share capital of NCB will be reduced by RM19,003,939.20 by way of cancellation of 3,959,154 NCB Shares held by the Entitled Shareholders at the SCR Offer Price.
- 2.5 MMC Port will still hold the remaining 466,293,554 NCB Shares, which are not cancelled pursuant to the Proposed SCR. Upon the completion of the Proposed SCR ("**Completion**"), MMC Port will be the sole shareholder of NCB and in turn, NCB will become a wholly-owned subsidiary of MMC Port.
- 2.6 The Proposed SCR will be funded by way of an advance from the Offeror to NCB.
- 2.7 We confirm that the Proposed SCR will not fail by reason of insufficient financial capability of MMC Port and NCB, and that every Entitled Shareholder will be fully paid in cash.
- 2.8 In addition, RHB Investment Bank Berhad, being our Principal Adviser for the Proposed SCR, is satisfied that the Proposed SCR will not fail by reason of insufficient financial capability of MMC Port and NCB, and that every Entitled Shareholder will be fully paid in cash.
- 2.9 MMC, MMC Port and NCB are currently unlisted entities.

3. BASIS OF ARRIVING AT THE SCR OFFER PRICE

The SCR Offer Price of RM4.80 for each NCB Share was arrived at after taking into consideration the following:

- (i) the range of the indicative value of the NCB Shares between RM4.77 to RM4.85 as ascribed by Alliance Investment Bank Berhad, being the independent adviser appointed by MMC to provide comments, opinions, information and recommendation on the selective capital reduction and repayment exercise undertaken by MMC, in its Independent Advice Letter dated 8 September 2021;
- (ii) the mandatory take-over offer extended by MMC Port to acquire all the remaining 77,387,856 NCB Shares which were not already owned by MMC Port at RM4.40 per NCB Share, pursuant to the Notice of Unconditional Take-over Offer dated 25 November 2015;
- (iii) MMC Port's previous purchases of NCB Shares between January 2018 until February 2023 at RM4.40 per NCB Share;

- (iv) the price-to-earnings ratio of approximately 14.55 times based on latest audited consolidated net profit of RM155.13 million of NCB for the financial year ended 31 December 2022; and
- (v) the price-to-book ratio of approximately 1.76 times based on latest audited consolidated net assets of RM1,284.86 million of NCB as at 31 December 2022.

4. DISTRIBUTION

If NCB declares, makes and/or pays any further dividend and/or distribution of any nature whatsoever ("**Distribution**"), the entitlement date of which is on or after the date of this Letter up to the completion of the Proposed SCR, the SCR Offer Price will be reduced by an amount equivalent to the net Distribution made per NCB Share.

5. RATIONALE FOR THE PROPOSED SCR

The Proposed SCR is undertaken in view of the following rationale:

- (i) upon the successful implementation of the Proposed SCR, MMC Port will be the sole shareholder of NCB and hence, the Proposed SCR will provide MMC Port with greater flexibility in the implementation of any business plan of NCB, moving forward. It will also reduce administrative efforts and costs pertaining to NCB's obligations to its shareholders, which can be utilised more efficiently in the business of NCB; and
- (ii) the Proposed SCR will provide an opportunity for the Entitled Shareholders to realise their investments rather than continue to hold the unlisted NCB Shares.

6. COVENANTS

6.1 From the date of your acceptance of the terms of this Letter until Completion, NCB shall undertake that:

- (i) NCB will not conduct any form of capital raising exercise, whether in the form of debt or equity, and will not grant any options over NCB Shares or issue any new NCB Shares;
- (ii) save for the purpose of financing and refinancing, NCB and its subsidiaries (other than subsidiaries which are in the process of winding up) will not enter into any material commitment or material contract or undertake any obligation to acquire or dispose of any of its assets or create a security interest over any of its assets outside the ordinary course of business;
- (iii) NCB will not pass any resolution in a general meeting (other than in respect of the ordinary business tabled in an annual general meeting or in connection with the Proposed SCR) or make any alteration to the provisions of the constitution of NCB or any of its subsidiaries unless it is in relation to the Proposed SCR; and
- (iv) NCB will not do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful obligation of NCB or any of its subsidiaries,

without our prior written consent.

6.2 In addition, NCB shall not enter into any discussion, negotiation or agreement with any other party with respect to the sale of the assets and liabilities of NCB and its subsidiaries or any privatisation proposal involving NCB or any of its subsidiaries at any time until the Completion without our prior written consent.

6.3 NCB shall also undertake that, as from the date of this Letter until the Completion, NCB (and using reasonable endeavours to cause and procure that each of its subsidiaries) shall carry on its business in the usual, regular and ordinary course in substantially the same manner as the same is carried on as at the date of this Letter so as to preserve its relationships with all parties to the extent that its goodwill and going concern shall not be materially impaired on the Completion, save as otherwise agreed in writing by us.

7. CONDITIONS OF THE PROPOSED SCR

7.1 The Proposed SCR is subject to and conditional on the following being obtained:

- (i) the approval from the Entitled Shareholders via a special resolution to be tabled at the forthcoming extraordinary general meeting ("**EGM**") ("**Special Resolution**"). The Special Resolution is required to be approved by:
 - (a) at least a majority in number of the Entitled Shareholders and 75.00% in value of all NCB Shares held by the Entitled Shareholders that are cast either in person or by proxy at the forthcoming EGM; and
 - (b) the value of the votes cast against the Special Resolution is not more than 10.00% of the votes attaching to all NCB Shares held by the Entitled Shareholders of the total voting shares of NCB;
- (ii) granting of an order by the High Court of Malaya confirming the reduction of the share capital in NCB in accordance with Section 116 of the Act giving effect to the Proposed SCR ("**Order**"), followed by the lodgment of an office copy of the Order with the Registrar of Companies ("**Lodgment**");
- (iii) approval and/or consent of the existing financiers and/or creditors of NCB and/or its subsidiaries, if required; and
- (iv) approval, waiver and/or consent of any relevant authorities or parties, if required.

7.2 The Proposed SCR will become effective upon the Lodgment. It is contemplated that the payment of the SCR Offer Price to the Entitled Shareholders will be made as soon as practicable following the Lodgment and shall not be later than 10 days from the date of the Lodgment.

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

8.1 Save as disclosed below, to the best of our knowledge, there is no other director of NCB and/or persons connected with them who has any interest, directly or indirectly, in the Proposed SCR:

- (i) Tan Sri Che Khalib bin Mohamad Noh, being a director of NCB, is also a director of MMC Port and the Group Managing Director of MMC;
- (ii) Dato' Azman Shah bin Mohd Yusof, being a director of NCB, is also the Executive Director by designation of MMC Port and the Chief Executive Officer of Northport (Malaysia) Bhd, a wholly-owned subsidiary of NCB;
- (iii) Badrulhisyam bin Fauzi, being a director of NCB, is also a director of MMC Port and the Group Chief Financial Officer of MMC; and
- (iv) Asyraf Suhaimi bin Sulaiman, being a director of NCB, is also the Head of Group Strategy & Investments of MMC.

The abovementioned directors do not hold any NCB Shares, directly or indirectly.

- 8.2 The abovementioned directors will abstain from deliberations and voting at the relevant Board meetings of NCB in respect of the Proposed SCR. Further, the said directors will also ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in NCB on the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.
- 8.3 MMC Port, the Ultimate Offeror and persons connected with them, if any, will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, in NCB on the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.
- 8.4 In addition, we also confirm that as at the LPD:
- (i) we have not received any irrevocable undertaking from any Entitled Shareholder to vote in favour of the Proposed SCR; and
 - (ii) there is no existing or proposed agreement, arrangement or understanding in relation to the NCB Shares between us and any of the Entitled Shareholders.

9. GOVERNING LAW AND DISPUTE RESOLUTION

The Proposed SCR and any agreement constituted by the acceptance of this Letter shall be governed by the laws of Malaysia and each party will submit to the exclusive jurisdiction of the Courts of Malaysia.

10. ACCEPTANCE PERIOD

If the Board (save for the directors referred in Paragraph 8.1 herein) is agreeable to implement and recommend the Proposed SCR to the Entitled Shareholders upon the terms envisaged in this Letter, please execute and return the enclosed duplicate copy of this Letter to us no later than 5.00 p.m. on 9 October 2023 (or such other date(s) as may be extended by us in writing), after which the proposal in this Letter shall lapse.

We trust the above is sufficient for the consideration and deliberation by the Board and look forward to your favourable response.

Yours faithfully,
For and on behalf of
MMC PORT HOLDINGS SDN BHD



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BADRULHISYAM FAUZI
Director

To: **MMC PORT HOLDINGS SDN BHD**

NCB HOLDINGS BHD

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE TO BE UNDERTAKEN BY NCB HOLDINGS BHD PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SCR”)

We, NCB Holdings Bhd, hereby agree and accept the terms of your Letter as set out above.

Yours faithfully,
For and on behalf of
NCB HOLDINGS BHD

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Name:
Designation:
Date: