

子会社による孫会社持分売却の提案

2021年5月13日

会社名 : ワイ・ティー・エル・コーポレーション・バーハッド
コード番号 : 1773 東証1部 (外国)
代表者の役職氏名 : 会長 タン・スリ・ダト(ドクター)フランシス・ヨー・ソック・ピン
代理人の居所又は住所 : 東京都千代田区大手町1丁目1-1
大手町パークビルディング
アンダーソン・毛利・友常法律事務所外国法共同事業
代理人の役職氏名 : 弁護士 森下 国彦

【2021年5月12日、ワイ・ティー・エル・コーポレーション・バーハッドは英文のプレス・リリースを行いました。以下はその抄訳です。】

ワイ・ティー・エル・コーポレーション・バーハッド（「当社」）の子会社である、ワイ・ティー・エル・セメント・コーポレーション（「YTLセメント」又は「売主」）が、セメント及び生コンクリート事業を行っている10社及びその子会社に対する全持分をマラヤン・セメント・バーハッド（「MCB」又は「買主」）に対し、総額5,158.1百万マレーシア・リングットの対価で売却する提案

当社の取締役会を代表して、RHB インベストメント・バンク・バーハッド（「RHB」）は、当社の子会社である YTL セメントが、2021年5月12日に、マレーシアにおいてセメント及び生コンクリート事業に関連する下記の会社の全持分を売却するため、YTL セメントの子会社であるマラヤン・セメント・バーハッド（「MCB」）との間で、条件付株式売買契約（「SSA」）を締結したことを発表します。MCB は、セメント及び生コンクリート事業を行っている下記の会社の全持分を、SSA に沿って調整を行い、5,158.1 百万マレーシア・リングットの対価（「本件売却対価」）で売却します。

1. ビルドコン・コンクリート・センドリアン・バーハッド；
 2. ビルドコン・シマコ・コンクリート・センドリアン・バーハッド；
 3. シー・アイ・レディーミックス・センドリアン・バーハッド；
 4. ミニーミックス・センドリアン・バーハッド；
 5. パハン・セメント・センドリアン・バーハッド及びその完全子会社であるストレイツ・セメント・センドリアン・バーハッド；
 6. ペラク・ハンジュン・サイメン・センドリアン・バーハッド及びその完全子会社であるPHS トレーディング・センドリアン・バーハッド；
 7. スラグ・セメント・センドリアン・バーハッド；
 8. スラグ・セメント(サザン)センドリアン・バーハッド；
 9. SMC ミックス・センドリアン・バーハッド；及び
 10. ワイ・ティー・エル・セメント・マーケティング・センドリアン・バーハッド
- (上記を個別に、又は総称して「対象会社」といいます。)

売却提案の詳細については、添付をご参照ください。

以上

YTL CORPORATION BERHAD (“YTL CORP” OR “COMPANY”)

PROPOSED DISPOSAL BY YTL CEMENT BERHAD (“YTL CEMENT” OR “VENDOR”) OF ITS ENTIRE EQUITY INTEREST IN 10 COMPANIES AND THEIR RESPECTIVE SUBSIDIARIES WHICH ARE INVOLVED IN CEMENT AND READY-MIXED CONCRETE BUSINESSES IN MALAYSIA TO MALAYAN CEMENT BERHAD (“MCB” OR “PURCHASER”) FOR A TOTAL CONSIDERATION OF RM5,158.1 MILLION, SUBJECT TO ADJUSTMENTS (“PROPOSED DISPOSAL”)

1. INTRODUCTION

On behalf of the Board of Directors of YTL Corp (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that YTL Cement, a subsidiary of YTL Corp, has on 12 May 2021 entered into a conditional share sale and purchase agreement (“**SSA**”) with MCB, a subsidiary of YTL Cement, for the disposal of its entire equity interest in the following companies which are involved in cement and ready-mixed concrete businesses in Malaysia for a total consideration of RM5,158.1 million, subject to the adjustments as set out in the SSA (“**Sale Consideration**”):

- (i) Buildcon Concrete Sdn Bhd (“**Buildcon**”);
- (ii) Buildcon-Cimaco Concrete Sdn Bhd (“**Buildcon-Cimaco**”);
- (iii) C.I. Readymix Sdn Bhd (“**C.I. Readymix**”);
- (iv) Mini-Mix Sdn Bhd (“**Mini-Mix**”);
- (v) Pahang Cement Sdn Bhd (“**Pahang Cement**”) and its wholly-owned subsidiary, Straits Cement Sdn Bhd (“**Straits Cement**”);
- (vi) Perak-Hanjoong Simen Sdn Bhd (“**Perak-Hanjoong**”) and its wholly-owned subsidiary, PHS Trading Sdn Bhd (“**PHS Trading**”);
- (vii) Slag Cement Sdn Bhd (“**Slag Cement**”);
- (viii) Slag Cement (Southern) Sdn Bhd (“**Slag Cement Southern**”);
- (ix) SMC Mix Sdn Bhd (“**SMC Mix**”); and
- (x) YTL Cement Marketing Sdn Bhd (“**YTL Cement Marketing**”);

(collectively referred to as “**Subject Companies**” or individually referred to as “**Subject Company**”)

After the Proposed Disposal, the entire cement and ready-mixed businesses in Malaysia of YTL Cement will be transferred to MCB, which is in turn held by YTL Cement. Please refer to Section 3 of this announcement for YTL Corp’s corporate structure before and after the Proposed Disposal.

2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal by YTL Cement of its entire equity interest in the Subject Companies (“**Sale Shares**”) for the Sale Consideration. The Sale Consideration will be satisfied via a combination of cash, new ordinary shares in MCB (“**MCB Shares**”) and new irredeemable convertible preference shares in MCB (“**ICPS**”) as summarised below:

	<u>RM' million</u>	<u>%</u>
Cash	2,000.0	38.8
375,506,174 MCB Shares (“ Consideration Shares ”) to be issued at RM3.75 each (“ Consideration Shares Issue Price ”)	1,408.1	27.3
466,666,667 ICPS (“ Consideration ICPS ”) to be issued at RM3.75 each (“ Consideration ICPS Issue Price ”)	1,750.0	33.9
	<u>5,158.1</u>	<u>100.0</u>

The Sale Shares shall be disposed by YTL Cement free from all encumbrances, together with all rights, interests, benefits and entitlements attaching to them as at the completion of the Proposed Disposal.

After the Proposed Disposal, the entire cement and ready-mixed concrete businesses in Malaysia of YTL Cement will be held via MCB. YTL Cement’s current intention is to retain the Consideration Shares and Consideration ICPS. As such, the Subject Companies will remain as subsidiaries of YTL Corp after the Proposed Disposal.

Please refer to Appendix I of this announcement for the salient terms of the SSA and Appendix II of this announcement for the salient terms of the Consideration ICPS.

2.1 Basis and justification in arriving at the Sale Consideration

The Sale Consideration was arrived at based on a “willing buyer-willing seller” basis after taking into consideration the indicative valuation of the entire equity interest in the Subject Companies of between RM5,041.0 million and RM6,084.3 million (“**Indicative Valuation**”) arrived at using discounted cash flow method, of which the discount rates are based on capital asset pricing model.

In justifying the Sale Consideration, the Board has taken into consideration the following:

- (i) the Sale Consideration is within the range of the Indicative Valuation; and
- (ii) the rationale and benefits of the Proposed Disposal as set out in Section 5 of this Announcement.

2.2 Basis and justification in arriving at the Issue Price of the Consideration Shares and the Consideration ICPS

The Issue Price of RM3.75 per Consideration Share and Consideration ICPS was determined on a “willing buyer-willing seller” basis between YTL Cement and MCB, after taking into consideration the price paid by YTL Cement for the acquisition of MCB Shares in 2019 and historical trading price of MCB Shares as detailed below:

	Share price	Premium	
	RM	RM	%
Last transacted price as at the 11 May 2021, being the immediate market day before the signing of the SSA (“LTD”)	2.75	1.00	36.4
Five-day volume weighted average market price (“VWAMP”) of MCB Shares up to and including the LTD	2.76	0.99	35.9
One-month VWAMP of MCB Shares up to and including the LTD	2.97	0.78	26.3
Three-month VWAMP of MCB Shares up to and including the LTD	2.73	1.02	37.4
Six-month VWAMP of MCB Shares up to and including the LTD	2.56	1.19	46.5
One-year VWAMP of MCB Shares up to and including the LTD	2.48	1.27	51.2

(Source: Bloomberg)

The Issue Price represents a range of premium of 26.3% and 51.2% to historical VWAMP of MCB Shares of RM2.48 and RM2.97.

In justifying the Issue Price, the Board has taken into consideration of the following:

- (i) the enlarged MCB and its subsidiaries (“**MCB Group**”) is expected to continue to realise potential synergies derived from operational efficiencies in logistics, distribution and procurement as well as cost synergies from economies of scale and elimination of duplicated functions following the Proposed Disposal; and
- (ii) anticipated benefits and rationale of the Proposed Disposal as set out in Section 5 of this announcement.

2.3 Ranking of the Consideration Shares, Consideration ICPS and the new MCB Shares to be issued upon conversion of the Consideration ICPS (“Converted Shares”)

The Consideration Shares and the Converted Shares shall, upon allotment and issuance, rank pari passu in all respect with the then existing shares in MCB, save and except that the Consideration Shares and Converted Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid before the date of allotment and issuance of the Consideration Shares and Converted Shares.

The Consideration ICPS shall, upon allotment and issuance, rank pari passu in all respect among themselves.

As and when dividends and/ or distributions (including any special dividends) are declared by the directors of MCB in respect of the MCB Shares, each consideration ICPS shall also carry the right to receive such dividends and/ or distributions declared in respect of each MCB Shares, subject to any adjustment to the conversion ratio of the Consideration ICPS (“**Conversion Ratio**”). Further, MCB shall not pay or distribute any dividends and/ or distributions on the MCB Shares unless the Consideration ICPS holder(s) then outstanding shall first receive, or simultaneously receive dividends and/ or distributions in respect of the Consideration ICPS, equivalent to the dividends and/ or distributions declared on each MCB Share divided by the Conversion Ratio.

The Consideration ICPS shall rank in priority to the MCB Shares in any distribution of assets in the event of liquidation, dissolution or winding-up of MCB. MCB shall not pay or distribute any amount or assets in the event of liquidation, dissolution or winding-up of MCB unless the holders of Consideration ICPS receive (first or simultaneously) any and all accrued or outstanding amount due and payable in respect of the Consideration ICPS.

2.4 Listing and quotation of the Consideration Shares, Consideration ICPS and the Converted Shares

An application will be made by MCB to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the Consideration Shares and Converted Shares on the Main Market of Bursa Securities.

The Consideration ICPS will not be listed on any stock exchange.

2.5 Utilisation of proceeds

YTL Cement is expected to use the gross proceeds from the Proposed Disposal of RM2,000.0 million in the following manner:

Utilisation	Note	Timeframe for utilisation	Amount	
			RM' million	%
Repayment of borrowings	(1)	Within 24 months	1,848.0	92.4
Future investments	(2)	Within 24 months	151.0	7.6
Defray estimated expenses of the Proposed Disposal	(3)	Within 1 month	1.0	*
			2,000.0	100.0

Notes:

- (1) The amount allocated for the repayment of borrowings includes settlement of revolving credit facility and term loans with a total outstanding of approximately RM1,848.0 million as at 30 April 2021, being the latest practicable date prior to the date of this announcement (“**LPD**”). The repayment of borrowings is expected to result in interest savings of about RM64.6 million per annum.
- (2) YTL Cement intends to utilise the amount allocated for future investment in business(es) to be identified which may be complementary or synergetic to the existing businesses of its subsidiaries.
- (3) YTL Cement intends to use part of the proceeds to defray expenses incurred for the Proposed Disposal, which comprise, amongst others, the professional fees and other incidental expenses. If the actual expenses for the Proposed Disposal is higher than allocated, the deficit will be funded from internal funds. However, if the actual expenses for the Proposed Disposal is lower than allocated, such surplus will be utilised as working capital of YTL Cement.

Pending full utilisation of the gross proceeds, YTL Cement will place the cash proceeds from the Proposed Disposal (including accrued interest, if any) or the balance thereof in deposits or short-term money market instruments, or placements in money-market unit trust funds and/or cash unit trust funds in Malaysia with bank backed-fund management companies licensed under the Capital Markets and Services Act, 2007.

2.6 Information on the Subject Companies

2.6.1 Background information

The Subject Companies are wholly-owned subsidiaries of YTL Cement and are engaged in cement and ready-mixed concrete businesses in Malaysia. The principal activities of the Subject Companies are as follows:

No.	Company	Principal activities
(i)	Buildcon	Manufacturing and sale of ready-mixed concrete and related services
(ii)	Buildcon-Cimaco	Manufacturing and sale of ready-mixed concrete and related services
(iii)	C.I. Readymix	Manufacturing and sale of ready-mixed concrete
(iv)	Mini-Mix	Manufacturing and sale of ready-mixed concrete and hiring of vehicles
(v)	Pahang Cement	Manufacturing and sale of ordinary portland cement, clinker and related products
(vi)	Straits Cement	Production and sale of cement
(vii)	Perak-Hanjoong	Manufacturing and sale of ordinary portland cement, clinker and related products
(viii)	PHS Trading	Management of Perak-Hanjoong's depot at Batu Caves
(ix)	Slag Cement	Manufacturing and sale of ordinary portland cement and blended cement
(x)	Slag Cement Southern	Manufacturing and sale of ordinary portland cement and blended cement
(xi)	SMC Mix	Manufacturing and sale of ready-mixed concrete
(xii)	YTL Cement Marketing	Sale and marketing of cementitious products

Save for Straits Cement and PHS Trading, which are wholly-owned subsidiaries of Pahang Cement and Perak-Hanjoong, respectively, none of the Subject Companies has any subsidiaries or associate companies as at the LPD.

A summary of the financial information of the Subject Companies based on the Accountants' Report on the combined financial statements of the Subject Companies for the past 3 financial year(s) ended ("FYE") 30 June 2018 to 30 June 2020 and 6-month financial period ended ("FPE") 31 December 2020 is set out below:

	Audited			Unaudited
	FYE 30 June			6-month FPE 31 December
	2018 (RM)	2019 (RM)	2020 (RM)	2020 (RM)
Revenue	1,848,912,277	1,822,767,089	1,863,646,572	1,472,904,949
Profit before taxation	156,527,743	120,846,549	155,332,772	232,958,118
Profit after taxation	126,913,884	89,223,010	113,177,962	176,073,769
Total borrowings	705,000,000	595,000,000	485,000,000	430,000,000
Invested equity	604,018,000	604,018,000	604,018,000	604,018,000
Equity attributable to owner	1,772,718,415	1,694,095,273	1,604,479,354	1,750,587,302
Current ratio (times) ⁽¹⁾	1.32	1.21	1.05	1.23
Gearing (times) ⁽²⁾	0.40	0.35	0.30	0.25

Notes:

- (1) Computed based on total current asset divided by total current liabilities.
- (2) Computed based on total borrowings divided by equity attributable to owner.

2.6.2 Date and original cost of investment

YTL Cement's original cost of investment and date of investment in the Subject Companies are as follows:

Name of company	Date of investment	No. of shares	Cost of investment (RM)
Buildcon	9 November 1996	2	2.00
	31 May 1997	499,998	499,998.00
	7 November 1997	9,500,000	9,500,000.00
		<u>10,000,000</u>	<u>10,000,000.00</u>
Buildcon-Cimaco	2 November 1989	439,999	439,999.00
	9 November 1989	1	1.00
	30 March 1992	440,000	440,000.00
	10 November 2000	2,500,000	2,500,000.00
	20 October 2014	3,320,000	5,450,890.54
	<u>6,700,000</u>	<u>8,830,890.54</u>	
C.I. Readymix	2 April 2001	6,306,306	11,231,271.00
	12 September 2001	693,694	1,834,416.24
		<u>7,000,000</u>	<u>13,065,687.24</u>

<u>Name of company</u>	<u>Date of investment</u>	<u>No. of shares</u>	<u>Cost of investment (RM)</u>
Mini-Mix	9 April 1991	2	2.00
	18 June 1991	99,998	99,998.00
	18 June 2015	300,000	300,000.00
		<u>400,000</u>	<u>400,000.00</u>
Pahang Cement	19 March 1997	30,270,000	30,270,000.00
	5 May 1997	11,730,000	11,730,000.00
	13 April 1998	28,000,000	28,086,184.00
	23 March 2004	70,000,000	138,703,913.00
		<u>140,000,000</u>	<u>208,790,097.00</u>
Perak-Hanjoong	23 December 2004	109,658,000	109,658,000.00
	20 January 2005	107,500,000	76,347,599.45
	27 December 2010	117,742,000	200,697,678.82
		<u>334,900,000</u>	<u>386,703,278.27</u>
Slag Cement	18 March 1996	2	2.00
	31 July 1997	20,999,998	20,999,998.00
		<u>21,000,000</u>	<u>21,000,000.00</u>
Slag Cement Southern	15 August 1996	2	2.00
	31 July 1997	7,999,998	7,999,998.00
	27 September 1997	2,000,000	2,000,000.00
	3 February 1999	15,000,000	15,000,000.00
		<u>25,000,000</u>	<u>25,000,000.00</u>
SMC Mix	10 March 2021	200,000	1.00
YTL Cement Marketing	2 January 1998	2	2.00
	24 November 2017	2,999,998	2,999,998.00
		<u>3,000,000</u>	<u>3,000,000.00</u>

2.7 Estimated gain/loss to YTL Corp

YTL Corp will not recognise any gain/loss from the Proposed Disposal as both YTL Cement and MCB are its subsidiaries. Please refer to Section 3 of this announcement for further details on the corporate structure of YTL Corp before and after the Proposed Disposal.

2.8 Liabilities to be assumed by YTL Corp

Save for the obligation and liabilities in and arising from the SSA, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by YTL Corp from the Proposed Disposal.

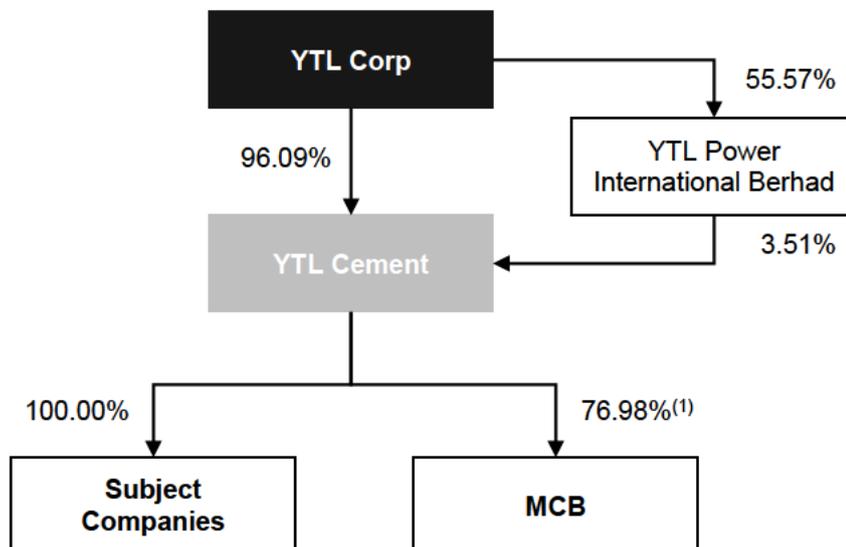
2.9 Cash Company or PN17 Company

The Proposed Disposal will not result in YTL Corp becoming a Cash Company or a PN17 Company as defined under the Main Market Listing Requirements issued by Bursa Securities (“**Main Market Listing Requirements**”).

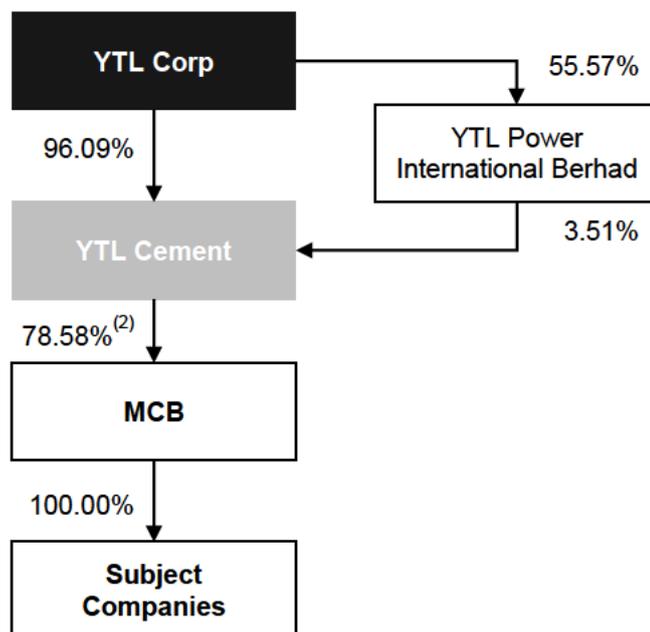
3. CORPORATE STRUCTURE

For illustration purposes only, the corporate structure of YTL Corp before and after the Proposed Disposal is outlined below:

As at the LPD



After the Proposed Disposal



Notes:

- (1) After completion of the share placement exercise announced by MCB on 15 April 2021 (“**MCB Private Placement**”), YTL Cement’s shareholdings in MCB is expected to reduce to 69.98%.
- (2) Assuming completion of the MCB Private Placement and no conversion of the Consideration ICPS. In the event that all Consideration ICPS are converted, YTL Cement’s shareholding in MCB will increase to 84.21%.

4. INFORMATION ON MCB

4.1 Background information

MCB was incorporated in the Federation of Malaya under the Companies Ordinances, 1940-1946 as a public company limited by shares under the original name of Malayan Cement Berhad on 5 June 1950. On 27 May 2013, MCB changed its name to Lafarge Malaysia Berhad and assumed its present name on 26 September 2019. The shares of MCB were listed on the then Malayan Stock Exchange (now known as Bursa Securities) on 17 March 1961.

MCB is principally involved in investment holding, whilst the principal activities of its subsidiaries include, amongst others, the manufacture and sale of cement, clinker, ready-mix concrete and drymix products, produce and supply of aggregates and related products, trading of cement and other building materials, trading and quarrying of aggregates and related products, and granite and quarry products, shipping of bulk cement and chartering of vessels, management and operation of a jetty.

As at the LPD, MCB is an indirect subsidiary of YTL Corp. Please refer to Section 4.3 of this Announcement below for further details of YTL Corp's shareholdings in MCB.

4.2 Share capital

As at the LPD, the share capital of MCB is RM1,950.7 million comprising 849,695,476 MCB Shares.

4.3 Substantial shareholders and their shareholdings

As at the LPD, the substantial shareholders of MCB and their respective shareholdings in MCB are as follows:

Name	Country of incorporation / Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
YTL Cement	Malaysia	654,109,328	76.98	-	-
YTL Corp	Malaysia	-	-	654,109,328 ⁽¹⁾	76.98
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	Malaysia	-	-	654,109,328 ⁽¹⁾	76.98
Yeoh Tiong Lay & Sons Family Holdings Limited	Jersey	-	-	654,109,328 ⁽²⁾	76.98
Yeoh Tiong Lay & Sons Trust Company Limited	Jersey	-	-	654,109,328 ⁽³⁾	76.98
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	Malaysian	-	-	654,109,328 ⁽⁴⁾	76.98
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	Malaysia	70,000,000	8.24	-	-

Notes:

- (1) Deemed interests by virtue of interests held through YTL Cement pursuant to Section 8 of the Companies Act 2016 (“Act”).
- (2) Deemed interests by virtue of interests held through YTL Cement pursuant to Section 8 of the Act arising from its ownership of 100.0% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.
- (3) Deemed interests by virtue of interests held through YTL Cement pursuant to Section 8 of the Act arising from its ownership of 100.0% of Yeoh Tiong Lay & Sons Family Holdings Limited in its capacity as trustee.
- (4) Deemed interests by virtue of interests held through YTL Cement pursuant to Section 8 of the Act arising from her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdings Limited.

4.4 Directors and their shareholdings

As at the LPD, the directors of MCB and their respective shareholdings in MCB are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping	Malaysian	-	-	500,000 ⁽¹⁾	0.06
Dato’ Sri Michael Yeoh Sock Siong	Malaysian	-	-	2,100 ⁽¹⁾	*
Dato’ Tan Guan Cheong	Malaysian	-	-	80,000 ⁽¹⁾	0.01

Notes:

* Negligible

- (1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Act.

5. RATIONALE AND BENEFITS FOR THE PROPOSED DISPOSAL

The Proposed Disposal is undertaken to streamline the corporate structure of YTL Corp following its acquisition of MCB Shares in 2019, by transferring the entire cement and ready-mixed concrete businesses to MCB. The injection of the Subject Companies is expected to turnaround the current loss-making MCB Group, which will indirectly benefit YTL Corp.

Following the Proposed Disposal, the enlarged MCB Group will be able to formulate an integrated management reporting structure for the cement and ready-mixed concrete businesses, which may improve its operational efficiencies. This will also significantly reduce resources and costs for monitoring and compliance with regulatory requirements.

In addition, the Proposed Disposal will enable the cement and ready-mixed concrete businesses to be grouped under MCB, which is currently listed on the Main Market of Bursa Securities. Further, segregation of the cement and ready-mixed concrete businesses from other businesses of YTL Corp may be viewed favorably by the future potential investors as it allows the investors to invest directly in the leading building materials company in Malaysia, i.e. the enlarged MCB Group, which will have leading position in the cement and ready-mixed concrete sectors.

6. RISK FACTORS

YTL Corp will not be exposed to additional risk associated with MCB's business as MCB is already a subsidiary of YTL Corp. Notwithstanding this, the Proposed Disposal is subject to the following risks:

6.1 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the conditions precedent as set out in the SSA being fulfilled and/or waived, as well as the performance by YTL Cement and its compliance with the relevant warranties and covenants under the terms of the SSA. The non-fulfilment of the conditions precedent or failure to perform or comply with warranties and covenants may result in the termination of the SSA.

The Board will endeavor to take all necessary steps to ensure that the conditions precedent and actions required to be undertaken by YTL Cement are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

6.2 Illiquidity of the Consideration ICPS

Pursuant to the Proposed Disposal, YTL Cement will receive Consideration ICPS which will not be listed or tradable on any exchange or any liquid market. As such, YTL Cement may be exposed to liquidity risks if it is not able to identify a buyer for the Consideration ICPS. In addition, upon completion of the MCB Private Placement and the Proposed Disposal (but before conversion of any Consideration ICPS), MCB's public shareholding is expected to reduce to 21.37%, of which MCB intends to submit an application to Bursa Securities for its acceptance of a lower public shareholding spread of 20.0% pursuant to Paragraph 2.2 of Practice Note 19 of the Main Market Listing Requirements ("**Public Spread Application**"). Further, YTL Cement has also provided a written irrevocable undertaking to MCB that it shall not convert any of the Consideration ICPS if it will result in MCB not being able to comply with the public shareholding spread to be approved by Bursa Securities pursuant to the Public Spread Application.

Nevertheless, YTL Corp (via YTL Cement) intends to hold the Consideration ICPS for the long term and the Consideration ICPS will entitle YTL Cement to any dividends to be declared by MCB.

6.3 Risk relating to changes in regulations

The Proposed Disposal may be affected by any change in the regulatory environment in Malaysia. Such risks include, but are not limited to, changes in statutory laws, regulations or Government policies including changes in the applicable legislation on taxation. There can be no assurance that any unfavourable development in the prevailing regulatory environment will not have any impact on the Proposed Disposal. Nonetheless, YTL Corp Group does not foresee that there will be any significant changes in Government policies which could have a material adverse impact on the Proposed Disposal.

7. EFFECTS OF THE PROPOSED DISPOSAL

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of YTL Corp.

7.2 Earnings and earnings per share (“EPS”)

The Proposed Disposal is not expected to have any material effect on YTL Corp’s consolidated earnings and EPS for FYE 30 June 2021 as the Proposed Disposal is expected to be completed in the third quarter of calendar year 2021.

Subsequent to the Proposed Disposal, the earnings contribution from the Subject Companies will be reduced to the extent of dilution to YTL Corp’s effective equity interest in the Subject Companies.

7.3 Net assets (“NA”) per share and gearing

For illustration purposes only, the proforma effects of the Proposed Disposal on the consolidated NA per share in YTL Corp (“**YTL Corp Shares**”) and gearing of YTL Corp are set out below:

		(I)	(II)	(III)
	Audited as at 30 June 2020 RM’ 000	After the MCB Private Placement RM’ 000	After (I) and the Proposed Disposal RM’ 000	After (I), (II) and assuming full conversion of the Consideration ICPS RM’ 000
Share capital	3,467,555	3,467,555	3,467,555	3,467,555
Other reserves	512,535	512,535	512,535	512,535
Retained earnings	8,982,083	8,853,973 ⁽¹⁾	8,164,754 ⁽²⁾	8,397,990
Treasury shares	(501,837)	(501,837)	(501,837)	(501,837)
Total equity attributable to owners of the Company/ NA	12,460,336	12,332,226	11,643,007	11,876,243
Non-controlling interests	3,149,593	3,281,783	3,831,042	3,597,806
Total equity	15,609,929	15,614,009	15,474,049	15,474,049
Number of YTL Corp Shares in issue (‘000) ⁽³⁾	10,649,856	10,649,856	10,649,856	10,649,856
NA per YTL Corp Share (RM) ⁽⁴⁾	1.17	1.16	1.09	1.12
Bonds and borrowings (RM’ 000)	43,565,878	43,395,878 ⁽⁵⁾	43,547,878 ⁽⁶⁾	43,547,878 ⁽⁶⁾
Gearing (times) ⁽⁷⁾	3.50	3.52	3.74	3.67

Notes:

- (1) After taking into consideration estimated expenses relating to the MCB Private Placement of approximately RM3.0 million and the dilution computed based on illustrative issue price of RM2.67 per MCB Share to be issued pursuant to the MCB Private Placement.
- (2) After taking into consideration estimated expenses relating to the Proposed Disposal of approximately RM20.0 million (inclusive of the expenses to be incurred by MCB) and the change in YTL Corp’s effective equity interests in the Subject Companies following the Proposed Disposal.
- (3) Excluding 372,906,618 treasury shares held by YTL Corp as at 30 June 2020.
- (4) Computed as NA divided by the number of YTL Corp Shares in issue.

- (5) After taking into consideration repayment of borrowings by MCB of approximately RM170.0 million from the proceeds to be raised from the MCB Private Placement.
- (6) After taking into consideration the borrowings to be secured by MCB to fund the cash consideration of the Proposed Disposal, the borrowings to be obtained by the Subject Companies of RM880.0 million before the Completion Date and relevant repayment of borrowings by YTL Cement from, among others, the proceeds of the Proposed Disposal.
- (7) Computed as bonds and borrowings dividend by NA.

8. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is approximately 10.5%. This is computed based on the change in YTL Corp's effective equity interest in the Subject Companies multiplied by the Sale Consideration compared with the market capitalisation of YTL Corp, which is determined based on 5-day VWAMP of YTL Corp Shares up to and including the LTD multiplied by the number of YTL Corp Shares in issue.

9. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained:

- (i) the approval of shareholders of MCB for the Proposed Disposal at its extraordinary general meeting to be convened; and
- (ii) any other relevant authority and/or party, if required.

10. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS OF YTL CORP AND/OR PERSONS CONNECTED WITH THEM

(i) Interested major shareholders

YTL Corp, Yeoh Tiong Lay & Sons Holdings Sdn Bhd ("**YTL**SH"), Yeoh Tiong Lay & Sons Family Holdings Limited ("**YTL**SFH"), Yeoh Tiong Lay & Sons Trust Company Limited ("**YTL**STC") and Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong ("**Puan Sri Tan Kai Yong**") are deemed interested in the Proposed Disposal by virtue of the following interests:

- (a) YTL Corp, YTLSH and YTLSFH are the immediate, intermediate and ultimate holding company, respectively, of YTL Cement and therefore also indirect major shareholders of MCB;
- (b) by virtue of its shareholdings in YTLSFH, which it holds in its capacity as trustee, YTLSTC is an indirect major shareholder of YTL Corp and YTL Cement, and therefore, also an indirect major shareholder of MCB; and
- (c) by virtue of her beneficial interests (held through YTLSTC) in the shares of YTLSFH pursuant to Section 8 of the Act, Puan Sri Tan Kai Yong is an indirect major shareholder of YTL Corp and YTL Cement, and therefore, also an indirect major shareholder of MCB.

(ii) Interested Directors

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah (collectively, the "**Interested Directors**"), are the children of Puan Sri Tan Kai Yong. Save for Dato' Yeoh Soo Min and Dato' Mark Yeoh Seok Kah, the Interested Directors are also directors of MCB.

Other than Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and Dato' Sri Michael Yeoh Sock Siong who have deemed interests, totalling approximately 0.06% as at LPD ("**Directors' Deemed Interests**"), via the shareholdings of their children and spouse respectively, none of the Interested Directors have any direct or indirect shareholding in MCB.

The Proposed Disposal is not regarded a related party transaction pursuant to paragraph 10.08(11) of the Main Market Listing Requirements by virtue that the interested major shareholders and Interested Directors and/or persons connected with them do not have interests in MCB, other than via YTL Corp and the Directors' Deemed Interests.

11. STATEMENT BY THE BOARD

The Board, having considered all aspects of the Proposed Disposal, which include the rationale and benefits, is of the opinion that the Proposed Disposal is in the best interest of the Company.

12. ADVISER

RHB Investment Bank has been appointed as Principal Adviser to YTL Corp for the Proposed Disposal.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Disposal is expected to be completed by third quarter of calendar year 2021.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The SSA is available for inspection at the registered office of YTL Corp at 33rd Floor, Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 12 May 2021.

SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

1. Sale Consideration

The Sale Consideration shall, subject to adjustments as detailed in Section 5 of this Appendix, be RM5,158,148,156.00. The Sale Consideration shall be paid in the manner as follows:

- (i) an amount equal to RM2,000,000,002.25 by way of cash ("**Cash Consideration**"), which is subject to adjustments as detailed in Section 5 of this Appendix;
- (ii) an amount equal to RM1,408,148,152.50 by way of issuance of 375,506,174 MCB Shares, to YTL Cement at an issue price of RM3.75 per Consideration Share; and
- (iii) an amount equal to RM1,750,000,001.25 by way of issuance of 466,666,667 Consideration ICPS, in the capital of MCB, to YTL Cement at an issue price of RM3.75 per Consideration ICPS.

2. Timing and method of settlement

The Sale Consideration shall be settled and satisfied by MCB in the following manner:

- (i) On the Completion Date (as defined in Section 4 of this Appendix):
 - (a) **Cash Consideration:** MCB shall pay to YTL Cement the Cash Consideration plus or less the First Adjustment Amount (as defined in Section 5.2 of this Appendix), as the case may be;
 - (b) **Consideration Shares:** MCB shall allot and issue the Consideration Shares to YTL Cement; and
 - (c) **Consideration ICPS:** MCB shall allot and issue the Consideration ICPS to YTL Cement; and
- (ii) Within 10 business days after the determination of the Second Adjustment Amount (as defined in Section 5.5 of this Appendix), MCB or YTL Cement shall pay the Second Adjustment Amount, as the case may be.

3. Conditions precedent

The agreement to sell and purchase all of the issued share capital of the Subject Companies is conditional upon satisfaction of the following conditions on or prior to the date falling nine months from the date of the SSA or such other date as may be agreed in writing between MCB and YTL Cement ("**Cut-off Date**"):

- (i) the approval of the shareholders of MCB at an extraordinary general meeting to be convened approving:
 - (a) the purchase of the Sale Shares and the transactions contemplated under the SSA; and
 - (b) the amendment of the Constitution of MCB to include the terms and conditions relating to the Consideration ICPS;
- (ii) the approval from Bursa Securities for the following:
 - (a) the listing and quotation of the Consideration Shares and the Converted Shares on the Main Market of Bursa Securities; and
 - (b) the Public Spread Application;

SALIENT TERMS OF THE SSA (Cont'd)

- (iii) the completion of the MCB Private Placement;
- (iv) the approval in writing from the financiers of any Subject Company to the sale and purchase of the Sale Shares, where the terms of any contract entered into by any Subject Company contains any restrictions or prohibition on the change in control of the shareholdings of any Subject Company or includes any right to terminate exercisable prior thereto, as a result of any matter contemplated by the SSA; and
- (v) no Material Adverse Change (as defined herein) has occurred as at the date all the Conditions Precedent (as defined herein) are fulfilled. **“Material Adverse Change”** means the occurrence of any one of the following events:
 - (a) damage or destruction to any one or more of the manufacturing and related activities operated or carried out by the following companies at the facilities below:
 - (I) Pahang Cement at Bukit Sagu, Kuantan, Pahang;
 - (II) Perak-Hanjoong at Padang Rengas, Perak;
 - (III) Straits Cement at Bukit Sagu, Kuantan, Pahang;
 (collectively, **“Integrated Cement Plants”**)
 - (b) revocation or suspension of any of the material regulatory licences, approvals or consents necessary for the operations of any one or more of the Integrated Cement Plant,

which, in the reasonable opinion of MCB, will result in the suspension of the operations of such Integrated Cement Plant for a period of 12 months or more,

(collectively, the **“Conditions Precedent”**).

4. Completion

Subject to the fulfilment of the Conditions Precedent, completion shall take place on a date falling 20 business days following fulfilment or waiver of the Conditions Precedent (**“Completion Date”**).

On Completion Date, the parties shall procure that their respective completion obligations as set out in the SSA are fulfilled. Neither MCB nor YTL Cement shall be obliged to complete the sale and purchase of any of the Sale Shares unless the sale and purchase of all of the Sale Shares are completed simultaneously.

5. Adjustments to Sale Consideration

- 5.1 At least 10 business days prior to the Completion Date, YTL Cement shall deliver to MCB, the estimated management accounts of the Subject Companies on a combined basis as at the Completion Date, comprising a balance sheet made up as at the Completion Date and income statement for the financial period for 1 July 2020 to the Completion Date, which shall contain YTL Cement's good faith estimate of the combined net working capital (**“Estimated Net Working Capital”**) and combined net debt (**“Estimated Net Debt”**) of the Subject Companies as at the Completion Date.

SALIENT TERMS OF THE SSA (Cont'd)

5.2 First adjustment amount

- (i) Following the delivery of the Estimated Net Debt and the Estimated Net Working Capital, the following adjustments shall be made to the Cash Consideration, as the case may be:
 - (a) if the Estimated Net Debt is less than the reference net debt of RM842 million (“**Reference Net Debt**”), add the difference between the Estimated Net Debt and the Reference Net Debt;
 - (b) if the Estimated Net Debt is more than the Reference Net Debt, less the difference between the Estimated Net Debt and the Reference Net Debt; and
 - (c) if the Estimated Net Working Capital is less than the reference net working capital of RM290 million (“**Reference Net Working Capital**”), less the difference between the Estimated Net Working Capital and the Reference Net Working Capital;
- (ii) If the aggregate of sub-paragraphs 5.2(i)(a) to (c) of this Appendix (“**First Adjustment Amount**”) results in:
 - (a) an amount to be added to the Cash Consideration, MCB shall pay the Cash Consideration plus the First Adjustment Amount to YTL Cement; or
 - (b) an amount to be deducted from the Cash Consideration, MCB shall pay the Cash Consideration less the First Adjustment Amount to YTL Cement,

on the Completion Date.

5.3 Within 10 business days from the Completion Date, YTL Cement shall deliver to MCB, the management accounts of the Subject Companies on a combined basis as at the Completion Date comprising a balance sheet made up as at the Completion Date and income statement for the financial period for 1 July 2020 to the Completion Date, (collectively, “**Completion Accounts**”) which shall contain YTL Cement’s calculation of the combined net working capital and combined net debt of the Subject Companies as at the Completion Date.

5.4 YTL Cement and MCB shall jointly appoint the reporting accountants within 10 business days from the Completion Date, to conduct a special audit on the Completion Accounts, including to verify the combined net working capital (“**Combined Net Working Capital**”) and the combined net debt (“**Combined Net Debt**”) of the Subject Companies as at the Completion Date. The reporting accountants shall deliver the audited completion accounts (“**Audited Completion Accounts**”) to YTL Cement and MCB no later than 60 days after engagement of the reporting accountants, which shall set out the combined net working capital (“**Completion Net Working Capital**”) and combined net debt (“**Completion Net Debt**”) of the Subject Companies as at the Completion Date.

5.5 Second adjustment amount

- (i) Following the determination of the Completion Net Debt and the Completion Net Working Capital based on the Audited Completion Accounts, the following adjustments shall be made to the Cash Consideration after the First Adjustment Amount, as the case may be:
 - (a) if the Completion Net Debt is less than the estimated net debt, add the difference between the Completion Net Debt and the Estimated Net Debt;
 - (b) if the Completion Net Debt is more than the Estimated Net Debt, less the difference between the Completion Net Debt and the Estimated Net Debt;

SALIENT TERMS OF THE SSA (Cont'd)

- (c) either:
- (I) if the Completion Net Working Capital is less than the Reference Net Working Capital:
 - (A) if no adjustment was made in accordance with sub-paragraph 5.2(i)(c) of this Appendix, less the difference between the Completion Net Working Capital and the Reference Net Working Capital;
 - (B) if an adjustment was made in accordance with paragraph 5.2(i)(c) of this Appendix:
 - (1) where the Completion Net Working Capital is less than the Estimated Net Working Capital, less the difference between the Completion Net Working Capital and the Estimated Net Working Capital; or
 - (2) where the Completion Net Working Capital is more than the Estimated Net Working Capital, add the difference between the Completion Net Working Capital and the Estimated Net Working Capital; or
 - (II) if the Completion Net Working Capital is equivalent to or exceeds the Reference Net Working Capital and an adjustment was made in accordance with paragraph 5.2(i)(c) of this Appendix, add the difference between the Reference Net Working Capital and the Estimated Net Working Capital.
- (ii) If the aggregate of sub-paragraphs 5.5(i)(a) to (c) of this Appendix ("**Second Adjustment Amount**") results in:
- (a) an amount to be added to the Cash Consideration after the First Adjustment Amount, MCB shall pay the Second Adjustment Amount to YTL Cement; or
 - (b) an amount to be deducted from the Cash Consideration after the First Adjustment Amount, YTL Cement shall refund the Second Adjustment Amount to MCB,
- within 10 business days after the determination of the Second Adjustment Amount.

6. Termination

- 6.1 The SSA may be terminated at any time prior to the Completion Date only in accordance with the following:
- (i) any of the Conditions Precedent is not fulfilled or waived by the Cut-off Date;
 - (ii) by MCB or YTL Cement, if the other party fails to fully comply with its completion obligations set out in the SSA;
 - (iii) by MCB, by notice in writing, if:
 - (a) YTL Cement delivers an updated disclosure letter to MCB at any time after the date of the SSA but no later than 20 business days prior to the Completion Date ("**Updated Disclosure Letter**"), disclosing any event, condition, fact or circumstance that occurs or arises wholly after the date of the SSA and the date of the Updated Disclosure Letter, that, but for such disclosure, would cause or result in YTL Cement being in breach of the warranties given by YTL Cement in the SSA that are repeated as at the Completion Date; and

SALIENT TERMS OF THE SSA (Cont'd)

- (b) if MCB requires YTL Cement to remedy such breach of warranty as set out in the Updated Disclosure Letter, YTL Cement fails to remedy such breach within 60 days after written notice is given by MCB to YTL Cement (or such other period as may be agreed between MCB and YTL Cement);
 - (iv) by MCB, if a Material Adverse Change has occurred between the date of fulfilment or waiver of the Conditions Precedent and the Completion Date, by notice in writing to YTL Cement;
 - (v) by MCB, if YTL Cement is in breach of any of the fundamental warranties in the SSA, by notice in writing to YTL Cement;
 - (vi) by MCB, by notice in writing, if YTL Cement is in material breach of any of its warranties, undertakings or obligations under the SSA, and if such breach is capable of being remedied, YTL Cement fails, refuses or neglects to remedy such breach within 60 days after written notice has been given to YTL Cement by MCB providing particulars of the breach and requiring such breach to be remedied; or
 - (vii) by YTL Cement, by notice in writing, if MCB is in material breach of any of its warranties, undertakings or obligations under the SSA, and if such breach is capable of being remedied, MCB fails, refuses or neglects to remedy such breach within 60 days after written notice has been given to MCB by YTL Cement providing particulars of the breach and requiring such breach to be remedied.
- 6.2 Should either of MCB or YTL Cement be prevented by strikes, riots, war, terrorism, natural disasters, windstorm, flood, fire, earthquake, Act of God or impediment by government regulations or force majeure from performing any of its obligations under the SSA (each, a “**Force Majeure Event**”) and such Force Majeure Event shall continue for a period of six months, either of MCB or YTL Cement is entitled to terminate the SSPA by notice in writing to the other party.

7. Indemnity

YTL Cement undertakes to MCB to pay and indemnify and save harmless MCB or at MCB's option, any Subject Company from and against any and all:

- (i) forms of taxation whether of Malaysia or elsewhere in the world, past, present and future and whether direct or indirect (including, without limitation, sales tax, services tax, capital gains tax, real property gains tax, income tax, estate duty, profits tax, stamp duty, goods and services tax, value added tax, purchase tax, custom and other import or export duties) and all other statutory, governmental or state impositions, duties and levies and all penalties, charges, costs and interest (“**Taxes**”) of the Subject Companies for all taxable periods ending on or before the Completion Date; and
- (ii) Taxes payable by, or any other obligations or liability of YTL Cement and MCB under the Real Property Gains Tax Act 1976 arising from the failure of YTL Cement to comply with the Real Property Gains Tax Act 1976,

and all losses, liabilities, costs (including legal costs on a full indemnity basis and experts' and consultants' fees), charges, expenses, actions, proceedings, claims and demands of whatever nature and however arising (including any penalties levied or claims brought by the Director General of Inland Revenue Board of Malaysia and all related costs and expenses) which MCB or such Subject Company (as the case may be) may at any time and from time to time sustain, incur, suffer or be liable out of, in respect of, or arising therefrom.

SALIENT TERMS OF THE SSA (Cont'd)

8. Limitation of Liability

- (i) **Time Limits:** YTL Cement shall have no liability in respect of any and all claims under or in relation to the SSA, unless notice of such claim is given in writing by MCB to YTL Cement, no later than:
- (a) in the case of breach of fundamental warranties in the SSA, within six years following the Completion Date;
 - (b) in the case of breach of the tax warranties by YTL Cement in the SSA, within five years following the Completion Date, save and except in the case of any breach of the warranties given by YTL Cement in respect of transfer pricing, within seven years following the Completion Date; and
 - (c) in the case of any breaches other than those referred to in paragraphs 8(i)(a) and (b) of this Appendix, within six years following the Completion Date.
- (ii) **Minimum Claims:** YTL Cement shall not be liable under the SSA in respect of any claim arising from any individual claim (or a series of claims arising from identical facts or circumstances) where the liability agreed or determined in respect of any such claim or series of claims does not exceed RM5.0 million.
- (iii) **Aggregate Minimum Claims:** YTL Cement shall not be liable under the SSA in respect of any claim not excluded by paragraph 8(ii) of this Appendix unless the aggregate amount of all claims for which YTL Cement would otherwise be liable under the SSA exceeds RM50.0 million.
- (iv) **Maximum Claims:**
- The maximum aggregate liability of YTL Cement:
- (a) in respect of all claims for breaches of the fundamental warranties under the SSA shall not exceed an amount equal to the Sale Consideration; and
 - (b) in respect of all and any claims under or in relation to the SSA (other than for breaches of the fundamental warranties under the SSA) and indemnities given by YTL Cement shall not exceed an amount equal to 30.0% of the Sale Consideration.

SALIENT TERMS OF THE CONSIDERATION ICPS

The salient terms of the Consideration ICPS are as follows:

Issuer	:	MCB
Tenure	:	Perpetual
Issue Price	:	RM3.75 per Consideration ICPS
Issue Size	:	466,666,667 Consideration ICPS
Listing status and ranking of the Consideration ICPS	:	The Consideration ICPS will not be listed on any stock exchange. The Consideration ICPS shall rank pari passu in all respects among themselves.
Listing and ranking of new MCB Shares from conversion	:	Subject to applicable laws, the new MCB Shares to be issued upon conversion of the Consideration ICPS shall be listed on Bursa Securities and tradeable upon their listing and quotation on Bursa Securities. Such new MCB Shares shall rank pari passu in all respects with the then existing MCB Shares, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new MCB Shares.
Conversion ratio	:	The conversion ratio is the number of Consideration ICPS to be converted to receive one MCB Share, at the time of conversion for each Consideration ICPS held. The initial conversion ratio is one Consideration ICPS for one new MCB Share.
Adjustments to the Conversion Ratio	:	MCB shall make the necessary adjustment to the Conversion Ratio in the event of any alteration to its share capital, whether by way of consolidation or subdivision (or bonus issue) of shares, capitalisation of profits or reserves, capital distribution, reduction of capital in accordance with Section 116 or Section 117 of the Act, or any other circumstances that the directors of MCB deem necessary. The directors of MCB may from time to time determine and approve the specific provisions or mechanisms for the adjustment of the Conversion Ratio. The Conversion Ratio shall also be similarly adjusted in the event of any alteration to MCB's share capital on or before the date of issue of the Consideration ICPS.
Conversion right	:	The Consideration ICPS shall be convertible, at the option of the holder(s) of the Consideration ICPS (" Consideration ICPS Holders ") at any time after the date of issuance of the Consideration ICPS, into such number of MCB Shares as is determined based on the Conversion Ratio.
Conversion mode	:	The conversion of the Consideration ICPS will not require any cash payment from the Consideration ICPS Holders. The Consideration ICPS Holders shall, upon conversion, surrender the requisite number of Consideration ICPS for cancellation by MCB. Any fraction of new MCB Shares of the Company resulting from such conversion shall be disregarded and MCB shall not be required to pay the value of such fraction to the relevant Consideration ICPS Holders nor issue any certificate for such fraction.

SALIENT TERMS OF THE CONSIDERATION ICPS (Cont'd)

Dividend : As and when dividends and/or distributions (including any special dividends) are declared by the directors of MCB in respect of the MCB Shares, each Consideration ICPS shall also carry the right to receive such dividends and/or distributions declared in respect of one MCB Share, subject however to any adjustment to the Conversion Ratio. MCB shall not pay or distribute any dividends and/or other distributions on the MCB Shares unless the Consideration ICPS Holders then outstanding shall first receive, or simultaneously receive dividends and/or other distributions in respect of the Consideration ICPS, equivalent to the dividends and/or distributions declared on one MCB Share divided by the Conversion Ratio.

Priority on winding-up or liquidation : The Consideration ICPS shall rank in priority to the MCB Shares in any distribution of assets in the event of liquidation, dissolution or winding-up of MCB. MCB shall not pay or distribute any amount or assets in the event of liquidation, dissolution or winding-up of the company unless the Consideration ICPS Holders then outstanding shall first receive, or simultaneously receive any and all accrued or outstanding amount then due and payable in respect of the Consideration ICPS.

In particular, in the event of liquidation, dissolution or winding-up of MCB, the surplus assets and profits that may be legally distributable to the shareholders of MCB shall be distributed to the shareholders in the following order:

- (i) the Consideration ICPS Holders shall be paid in priority to the holders of MCB Shares, 100% of the issue price per Consideration ICPS (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations), for each such Consideration ICPS;
- (ii) the Consideration ICPS Holders shall be entitled to be paid, in priority to the holders of MCB Shares, any declared and unpaid dividend in respect of the Consideration ICPS; and
- (iii) in the event that there are surplus assets and profits after the payment or distribution to the Consideration ICPS Holders as set out in sub-paragraphs (i) to (ii) above,
 - (a) the amount of surplus assets and profits shall be first applied towards paying the holders of MCB Shares, the amount received by the Consideration ICPS Holders for each Consideration ICPS under sub-paragraphs (i) and (ii); and
 - (b) the balance of the surplus assets and profits after the payment or distribution to the Consideration ICPS Holders as set out in sub-paragraphs (i) to (ii) and the payment to the holders of MCB Shares under sub-paragraph (iii)(a) above shall be distributed pro rata among the holders of MCB Shares and the Consideration ICPS Holders on the basis of one MCB Share for one Consideration ICPS, subject however to any adjustment to the Conversion Ratio.

Redemption : The Consideration ICPS shall not be redeemable.

SALIENT TERMS OF THE CONSIDERATION ICPS (Cont'd)

- Voting rights** : A Consideration ICPS Holder shall have the same rights as a holder of MCB Shares as regards to receiving notices, reports and audited financial statements, and attending general meetings of the Company, but shall only have the right to vote in each of the following circumstances:
- (i) when the dividend or part of the dividend on the Consideration ICPS is in arrear for more than six months;
 - (ii) on a proposal to reduce the share capital of MCB;
 - (iii) on a proposal for the disposal of the whole or substantial part of MCB's assets, businesses or undertakings;
 - (iv) on a proposal that affects rights attached to the Consideration ICPS;
 - (v) on a proposal to wind-up MCB; or
 - (vi) during the winding-up of MCB.
- Transferability** : A Consideration ICPS Holder may transfer all or any part of the Consideration ICPS held by it or otherwise sell, dispose of or deal with all or any part of its interest in such Consideration ICPS, at any time, provided that such transfer, sale, disposal or dealing shall be in accordance with the Constitution of MCB.
- Governing laws** : The Consideration ICPS will be governed under the laws of Malaysia.