

## SELANGOR PROPERTIES BERHAD

Type	Announcement
Subject	OTHERS
Description	SELANGOR PROPERTIES BERHAD ("SPB" OR THE "COMPANY") PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF SPB PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 ("PROPOSED SCR")

We refer to our announcements dated 25 October 2018, 26 October 2018, 8 November 2018 and 17 December 2018 in relation to the Proposed SCR ("**Announcements**"). Unless otherwise defined, the terms used herein shall have the same meaning as those defined in the Announcements.

On behalf of the Board, CIMB Investment Bank Berhad wishes to announce that the Board, save for the Interested Director, has deliberated on the contents of the Proposal Letter as well as the Revised Proposal Letter and has resolved to table the Proposed SCR to the shareholders of SPB for their consideration.

Please refer to the attachment for further details of the Proposed SCR.

**This announcement is dated 17 December 2018.**

Please refer attachment below.

## SELANGOR PROPERTIES BERHAD (“SPB” OR THE “COMPANY”)

### PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF SPB PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 (“PROPOSED SCR”)

---

#### 1. INTRODUCTION

The Company had on 25 October 2018, announced that the board of directors of SPB (“**Board**”) had on even date received a letter from its major shareholder, Kayin Holdings Sdn Bhd (“**Kayin**” or the “**Non-Entitled Shareholder**”), informing the Board of its intention to privatise the Company by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act, 2016 (“**Act**”) and requesting the Company to undertake the Proposed SCR (“**Proposal Letter**”).

On 17 December 2018, the Company announced that the Board received a letter from Kayin, notifying that Kayin wishes to revise the offer price under the Proposed SCR from RM5.70 to RM6.00 for each existing ordinary share in SPB (“**SPB Share(s)**”) (“**SCR Offer Price**”) (“**Revised Proposal Letter**”).

On behalf of the Board, CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that the Board, save for Wen Chiu Chi who is deemed interested in the Proposed SCR (“**Interested Director**”), had, at a meeting held on 17 December 2018, deliberated on the contents of the Proposal Letter as well as the Revised Proposal Letter and had resolved to table the Proposed SCR to the Entitled Shareholders (as defined herein) for their consideration and approval.

Further details pertaining to the Proposed SCR are set out below.

#### 2. DETAILS OF THE PROPOSED SCR

##### 2.1 Proposed SCR

- (i) The Proposed SCR involves SPB undertaking a selective capital reduction and capital repayment pursuant to Section 116 of the Act in respect of the SPB Shares held by all the shareholders of SPB (other than the Non-Entitled Shareholder) whose names appear in the Record of Depositors of SPB as at the close of business on an entitlement date to be determined and announced later by the Board (“**Entitlement Date**”) (“**Entitled Shareholders**”).
- (ii) As at 14 December 2018, being the latest practicable date prior to this announcement (“**LPD**”), the issued share capital of SPB is RM545,370,929<sup>1</sup> comprising 343,616,761 SPB Shares.
- (iii) As at the LPD, Kayin and its persons acting in concert (“**PAC(s)**”) collectively hold 234,522,683 SPB Shares, representing approximately 68.25% of the total SPB Shares in issue.

---

<sup>1</sup> The credit standing in the Company’s share premium account amounting to RM201,754,168 became part of the Company’s share capital pursuant to the transitional provisions set out in Section 618(2) of the Act that came into effect on 31 January 2017.

The shareholdings of Kayin and its PACs in SPB as at the LPD are as follows:

Name	Direct	
	No. of SPB Shares	%
Kayin	234,447,236	68.23
<b>PACs</b>		
Wen Chiu Chi <sup>(1)</sup>	71,247	0.02
Lee Boon Kian	4,200	*-
Wen Ming Kang <sup>(2)</sup>	-	-
Wen Hsia Min <sup>(3)</sup>	-	-

**Notes:**

\* Negligible

- (1) *Wen Chiu Chi has 0.02% direct interest and 68.23% indirect interest in SPB by virtue of him being a beneficiary of The Shanti Malaysia Trust with trust company, Shanti (Kayin) Limited. The said trust has interest in shares in Kayin (M) Sdn Bhd (“**Kayin (M)**”), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.*
- (2) *Wen Ming Kang does not have any direct interest in SPB. He has 68.23% indirect interest in SPB by virtue of him being a beneficiary of The Amita Malaysia Trust with trust company, Amita (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.*
- (3) *Wen Hsia Min does not have any direct interest in SPB. She has 68.23% indirect interest in SPB by virtue of her being a beneficiary of The Manisha Malaysia Trust with trust company, Manisha (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.*

- (iv) As at the LPD, the Entitled Shareholders collectively hold 109,169,525 SPB Shares, representing approximately 31.77% of the total SPB Shares in issue. Pursuant to the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM655,017,150, which represents a cash repayment of RM6.00 for each existing SPB Share held by the Entitled Shareholders on the Entitlement Date.

For the avoidance of doubt, Kayin will not be entitled to the capital repayment pursuant to the Proposed SCR, but its PACs (namely Wen Chiu Chi and Lee Boon Kian who have direct interests in SPB) will participate as Entitled Shareholders for the Proposed SCR.

- (v) Based on the shareholding as at the LPD, the issued share capital of SPB will be reduced by up to RM655,017,150 pursuant to the Proposed SCR.
- (vi) In view that the issued share capital to be reduced is higher than the existing issued share capital of SPB of RM545,370,929, SPB will undertake a bonus issue of up to 327,508,575 new SPB Shares (“**Bonus Shares**”) by way of capitalising up to RM327,508,575 from the retained earnings of the Company, in order to increase the share capital of SPB up to a level which is sufficient for the capital reduction (“**Proposed Bonus Issue**”). The Proposed Bonus Issue is purely to facilitate the implementation of the Proposed SCR.
- (vii) Kayin will waive its entitlement to the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.
- (viii) The Bonus Shares issued to the Entitled Shareholders under the Proposed Bonus Issue will be cancelled immediately after issuance to facilitate the implementation of the Proposed SCR. As such, the Bonus Shares will not be credited into the Central Depository Systems (“**CDS**”) accounts of the Entitled Shareholders nor will they be listed on the Official List of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Official List**”).

- (ix) All SPB Shares, including the Bonus Shares, will be cancelled save for the SPB Shares which are held by Kayin. As at the LPD, Kayin holds 234,447,236 SPB Shares. Upon completion of the Proposed SCR ("**Completion**"), Kayin will hold the remaining SPB Shares which are not cancelled and will own 100% equity interest in SPB.
- (x) The actual number of SPB Shares to be cancelled under the Proposed SCR including the number of Bonus Shares to be issued would be dependent on the share capital of SPB and the shareholding of the Entitled Shareholders on the Entitlement Date. Consequently, the total repayment amount will be determined at the relevant point in time.

## 2.2 **SPB's covenants pursuant to the Proposal Letter**

- (i) SPB's covenants pursuant to the Proposal Letter are set out below:
  - (a) SPB will not conduct any form of capital raising exercise, whether in the form of debt or equity and will not grant any options over the SPB Shares or issue any new SPB Shares (save for any funding from financial institutions to be obtained by SPB for the purpose of implementing and giving effect to the Proposed SCR);
  - (b) SPB and its subsidiaries ("**SPB Group**") will not enter into any material commitment or material contract or undertake any obligation or acquire or dispose any of its assets (unless it is for the purpose of the Proposed SCR) or create a security interest over any of its assets outside the ordinary course of business;
  - (c) SPB will not pass any resolution in general meeting (other than in respect of any 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 SPB or any of SPB's subsidiaries; and
  - (d) SPB 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 SPB or any of its subsidiaries,

without the prior written consent of Kayin.

- (ii) In addition, SPB agrees with and undertakes to Kayin that it shall not enter into any discussion or negotiation, or agreement, with any other party with respect to the sale of its or its subsidiaries' assets and liabilities or any privatisation proposal involving SPB or any of its subsidiaries at any time until the Completion without the prior written consent of Kayin.
- (iii) SPB also agrees with and undertakes that, as from the date of the Proposal Letter until Completion, it (and it shall use reasonable endeavours to cause and procure that each subsidiary of SPB) shall carry on its business only in the usual, regular and ordinary course in substantially the same manner as the same is carried on as of the date thereof so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired at the Completion, save as otherwise agreed in writing by Kayin.

### 2.3 Basis of arriving at the SCR Offer Price

The SCR Offer Price was arrived at after taking into consideration the closing price and volume weighted average market price (“VWAP”) of the SPB Shares up to and including 24 October 2018, being the last trading day prior to the receipt of the Proposal Letter by the Board (“LTD”), as follows:

	Market price	Premium over market price/VWAP	
	RM	RM	%
Closing price as at the LTD	4.0600	1.9400	47.78
5-day VWAP up to the LTD	4.0583	1.9417	47.85
1-month VWAP up to the LTD	4.1694	1.8306	43.91
3-month VWAP up to the LTD	4.1525	1.8475	44.49
6-month VWAP up to the LTD	4.1680	1.8320	43.95
1-year VWAP up to the LTD	4.7650	1.2350	25.92

(Source: Bloomberg)

### 2.4 Distribution

If SPB declares, makes and/or pays any dividend and/or distribution of any other nature whatsoever (collectively, “Distribution(s)”), the entitlement date of which is on or after the date of the Proposal Letter up to the Completion, the SCR Offer Price shall be reduced by an amount equivalent to the Distribution made per SPB Share.

### 2.5 Funding

The Proposed SCR will be funded by internally generated funds and/or bank borrowings of the SPB Group.

### 2.6 Listing Status

Kayin has indicated vide the Proposal Letter that it **does not intend** to maintain the listing status of SPB on the Main Market of Bursa Securities following the Completion. Accordingly, Kayin will request that SPB makes an application to Bursa Securities pursuant to Paragraph 16.08 of the Main Market Listing Requirements to delist SPB and withdraw its listing status from the Official List upon Completion.

However, in the event the Proposed SCR is unsuccessful and not implemented due to, among others, failure to fulfil any or all the conditions and/or obtain the approvals required as set out in **Section 5** of this announcement, SPB will remain listed on the Main Market of Bursa Securities. The Proposed Bonus Issue is inter-conditional with the Proposed SCR. In the event the Proposed SCR is unsuccessful, the Proposed Bonus Issue will also not be implemented.

### 3. RATIONALE FOR THE PROPOSED SCR

As presented by Kayin, the rationale for the Proposed SCR is as follows:

- 3.1 The residential and non-residential markets have continued to decline in the second quarter of 2018 and the property market is expected to remain subdued due to the prevalent oversupply of unsold residential properties, office spaces and shopping complexes.<sup>2</sup>
- 3.2 The oversupply of high-rise residential properties is acute. To address the imbalance supply and demand of the property market, the government has announced a freeze on the development of new luxury residential properties to rebalance the supply in the residential property market.<sup>3</sup>
- 3.3 The incoming supply of office spaces in the Klang Valley in the next 4 years remains sizeable at 37.9 million square feet as at the second quarter of 2018<sup>4</sup> while the addition of 140 new shopping complexes by 2021 across the Klang Valley, Penang and Johor is expected to worsen the oversupply going forward.<sup>5</sup> The excess supply of office space and shopping complex segments has continued to exert downward pressure on occupancy and rental rates.
- 3.4 The number of unsold high-rise residential properties, combined with the oversupply of commercial properties and new developments such as Damansara City and Pavilion Damansara Heights around SPB Group's existing properties would not only drive vacancy rates high and depress effective rental rates of its existing investment properties but will also limit the SPB Group's development activities, especially on its landbank in Damansara Heights in the short to medium term.
- 3.5 In addition, the trading liquidity of the SPB Shares has been low, with an average daily trading volume of approximately 57,617 SPB Shares and a total number of 37,911,900 SPB Shares traded for the past 3 years up to the LTD. This average daily trading volume merely represents 0.05% of the free float as at the LTD. Considering the illiquidity of SPB Shares, the Proposed SCR represents an avenue for the Entitled Shareholders, especially those with significant number of SPB Shares, to realise their investment.
- 3.6 The SCR Offer Price is at a premium ranging from 25.92% to 47.85% based on the 5-day, 1-month, 3-month, 6-month and 1-year VWAP up to the LTD. It is also pertinent to note that SPB Shares have not traded at or above the SCR Offer Price since December 2015. The Proposed SCR is a good and expedient opportunity for the Entitled Shareholders to realise their investment in SPB for cash at the SCR Offer Price during this challenging period.
- 3.7 In addition, the privatisation of SPB by way of the Proposed SCR will provide SPB with greater flexibility to manage and develop its existing businesses over the long term. It will also eliminate the administrative efforts and costs associated with its listed status on Bursa Securities which can be utilised more effectively and efficiently for the core business of SPB.

---

<sup>2</sup> Second Quarter 2018, Quarterly Bulletin, Bank Negara Malaysia

<sup>3</sup> Financial Stability and Payment Systems Report 2017, Bank Negara Malaysia

<sup>4</sup> Financial Stability Review – First Half 2018, Bank Negara Malaysia

<sup>5</sup> Third Quarter 2017, Quarterly Bulletin, Bank Negara Malaysia

## 4. EFFECTS OF THE PROPOSED SCR

### 4.1 Share capital

The pro forma effects of the Proposed SCR on the share capital of SPB are as follows:

	<b>Number of SPB Shares</b>	<b>RM</b>
Share capital as at the LPD	343,616,761	545,370,929
Add: SPB Shares to be issued pursuant to the Proposed Bonus Issue <sup>(1)(2)</sup>	327,508,575	327,508,575
Less: SPB Shares to be cancelled pursuant to the Proposed SCR <sup>(2)</sup>	(436,678,100)	(655,017,150)
<b>Resultant share capital of SPB after the Proposed SCR</b>	<b>234,447,236</b>	<b>217,862,354</b>

**Notes:**

(1) The Proposed Bonus Issue is undertaken only to facilitate the implementation of the Proposed SCR. The Bonus Shares will not be credited into the CDS accounts of the Entitled Shareholders and will be cancelled immediately after issuance to facilitate the implementation of the Proposed SCR.

(2) For illustrative purpose only. The actual number of Bonus Shares to be issued and SPB Shares to be cancelled will depend on, among others, the total number of SPB Shares held by the Entitled Shareholders.

### 4.2 Net asset ("NA") per SPB Share and gearing

For illustrative purposes, based on the latest audited consolidated statement of financial position of SPB as at 31 October 2017, the pro forma effects of the Proposed SCR on the NA per SPB Share and gearing of SPB Group are as follows:

	<b>Audited as at 31 October 2017</b>	<b>After the Proposed SCR</b>
	<b>RM'000</b>	<b>RM'000</b>
Share capital	545,371	217,862
Reserves	88,238	88,238
Retained earnings	1,906,618	<sup>(1)</sup> 1,577,309
<b>Shareholders' funds/ NA</b>	<b>2,540,227</b>	<b>1,883,410</b>
Number of SPB Shares ('000)	343,617	234,447
NA per SPB Share (RM)	7.39	8.03
Total borrowings (RM'000)	258,314	<sup>(2)</sup> 913,331
Gearing ratio (times)	0.10	<sup>(2)</sup> 0.48

**Notes:**

(1) After capitalising approximately RM327.5 million from the retained earnings account pursuant to the Proposed Bonus Issue and accounting for the estimated expenses of approximately RM1.8 million for the Proposed SCR.

(2) Assuming the Company draws down bank facilities of approximately RM655.0 million for the purpose of implementing and giving effect to the Proposed SCR. In the event the Company utilises a combination of internally generated funds and bank borrowings to fund the Proposed SCR, the total borrowings and gearing ratio will vary accordingly.

### 4.3 Earnings and earnings per SPB Share (“EPS”)

The estimated expenses of RM1.8 million for the Proposed SCR and the additional interest cost relating to the financing to be procured for the Proposed SCR will reduce the earnings of SPB for the financial year ending 31 October 2019.

Upon Completion and as a result of cancellation of up to 436,678,100 SPB Shares pursuant to the Proposed SCR, the total number of SPB Shares in issue will be reduced and as a result, the EPS of the SPB Group is expected to increase accordingly.

### 4.4 Substantial Shareholders’ Shareholdings

The pro forma effects of the Proposed SCR on SPB’s substantial shareholders’ shareholdings are as follows:

Name	As at the LPD				After the Proposed SCR			
	Direct		Indirect		Direct		Indirect	
	No. of SPB Shares	%	No. of SPB Shares	%	No. of SPB Shares	%	No. of SPB Shares	%
Kayin	<sup>(1)</sup> 234,447,236	68.23	-	-	234,447,236	100.00	-	-
Kayin (M)	-	-	<sup>(2)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Wen Chiu Chi	71,247	0.02	<sup>(3)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Wen Ming Kang	-	-	<sup>(4)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Wen Hsia Min	-	-	<sup>(5)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Shanti (Kayin) Limited	-	-	<sup>(6)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Amita (Kayin) Limited	-	-	<sup>(6)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Manisha (Kayin) Limited	-	-	<sup>(6)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
Lavani (Kayin) Limited	-	-	<sup>(6)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
HSBC International Trustee Limited (“HKIT”)	-	-	<sup>(7)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
HSBC International Trustee (Holdings) Pte Ltd (“HSIT”)	-	-	<sup>(8)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
The Hongkong and Shanghai Banking Corporation Limited (“HBAP”)	-	-	<sup>(9)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
HSBC Asia Holdings Limited (“HAHO”)	-	-	<sup>(10)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00
HSBC Holdings PLC (“HGHQ”)	-	-	<sup>(11)(12)</sup> 234,447,236	68.23	-	-	234,447,236	100.00



**Notes:**

- (1) *The total 234,447,236 SPB Shares are held as follows:
  - (i) 194,447,236 SPB Shares are registered in the name of Kayin; and
  - (ii) 40,000,000 SPB Shares are registered in the name of HSBC Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kayin.*
- (2) *Deemed interested in SPB, by virtue of its 100% holdings in Kayin. The entire issued share capital of Kayin (M) is collectively controlled by Shanti (Kayin) Limited, Amita (Kayin) Limited, Manisha (Kayin) Limited and Lavani (Kayin) Limited (collectively, “Trust Companies”).*
- (3) *Deemed interested by virtue of him being a beneficiary of The Shanti Malaysia Trust with trust company, Shanti (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.*
- (4) *Deemed interested by virtue of him being a beneficiary of The Amita Malaysia Trust with trust company, Amita (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.*
- (5) *Deemed interested by virtue of her being a beneficiary of The Manisha Malaysia Trust with trust company, Manisha (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.*
- (6) *Based on a Notice of Interest of Substantial Shareholder filed by each of the Trust Companies dated 23 November 2018, deemed interested pursuant to Sections 8(4)(c) and 8(5)(a) of the Act as Kayin is a related corporation.*
- (7) *Based on a Notice of Interest of Substantial Shareholder filed by HKIT dated 23 November 2018, deemed interested by virtue of the indirect interest in shares in Kayin. HKIT is the registered holder of the entire issued share capital of the Trust Companies under 3 discretionary trusts of which HKIT acts as trustee.*
- (8) *Based on a Notice of Interest of Substantial Shareholder filed by HSIT dated 23 November 2018, deemed interested as HSIT owns the entire issued share capital of HKIT.*
- (9) *Based on a Notice of Interest of Substantial Shareholder filed by HBAP dated 23 November 2018, deemed interested as HBAP owns the entire issued share capital of HSIT.*
- (10) *Based on a Notice of Interest of Substantial Shareholder filed by HAHO dated 23 November 2018, deemed interested as HAHO owns the entire issued share capital of HBAP.*
- (11) *Based on a Notice of Interest of Substantial Shareholder filed by HGHQ dated 23 November 2018, deemed interested as HGHQ owns the entire issued share capital of HAHO.*
- (12) *HKIT is deemed to have an interest in the SPB Shares held by Kayin pursuant to Section 8 of the Act, by virtue of HKIT holding (as trustee) all the shares of the Trust Companies who collectively hold all the shares of Kayin (M) who in turn owns all the shares in Kayin. However, the Trust Companies’ shares and rights in Kayin (M) are shares held or power exercisable by the Trust Companies in a fiduciary capacity for the purpose of Section 4(3)(a) of the Act. Pursuant to Section 4(3)(a) of the Act, the shares held by the Trust Companies in Kayin (M) shall therefore be treated as not held by the Trust Companies. Accordingly, Kayin (M) is not a subsidiary of the Trust Companies or of HKIT and HGHQ (by extension) is not the ultimate holding company of Kayin (M), Kayin or the Company.*

#### **4.5 Convertible securities**

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

## 5. CONDITIONS OF THE PROPOSED SCR

The Proposed SCR is subject to and conditional upon the following approvals being obtained or conditions being satisfied:

- (i) the approval of the Entitled Shareholders (save for Wen Chiu Chi and Lee Boon Kian who are PACs) who are entitled to vote for the Proposed SCR via a special resolution to be tabled at the forthcoming extraordinary general meeting (“**EGM**”) for the Proposed SCR (“**Special Resolution**”) and the Special Resolution:
  - (a) is required to be approved by at least a majority in number of the disinterested shareholders and 75% in value to the votes attached to the disinterested SPB Shares that are cast either in person or by proxy at the EGM; and
  - (b) must not be voted against by more than 10% of the votes attaching to all the SPB Shares held by the disinterested shareholders of the total voting shares of SPB;
- (ii) the grant of an order by the High Court of Malaya confirming the reduction of the share capital of SPB in accordance with Section 116 of the Act (“**High Court Order**”);
- (iii) the approval and/or consent of the existing financiers and/or creditors of SPB and/or its subsidiaries, if required; and
- (iv) where required, the approval and/or consent of any other relevant governmental or regulatory authority or parties.

The Proposed SCR will become effective upon the lodgement of an office copy of the High Court Order with the Registrar of Companies pursuant to Section 116 of the Act.

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

Save as disclosed below, none of the directors of SPB, major shareholders of SPB and/or persons connected to them who have any interest, direct or indirect, in the Proposed SCR.

### 6.1 Interested Director

Wen Chiu Chi is the Executive Chairman of SPB and also a director of Kayin. Wen Chiu Chi has 0.02% direct interest and 68.23% indirect interest in SPB by virtue of him being a beneficiary of The Shanti Malaysia Trust with trust company, Shanti (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.

The Interested Director has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings pertaining to the Proposed SCR and will also abstain from voting in respect of his direct and/or indirect shareholdings in SPB, on the Special Resolution to be tabled at the forthcoming EGM. The Interested Director has undertaken that he will ensure persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in SPB, if any, on the Special Resolution to be tabled at the forthcoming EGM.

## **6.2 Non-Entitled Shareholder**

The Non-Entitled Shareholder, namely Kayin, is deemed interested in the Proposed SCR. The Non-Entitled Shareholder will abstain from voting in respect of its direct and/or indirect interests in SPB on the Special Resolution to be tabled at the forthcoming EGM. The Non-Entitled Shareholder will also ensure that persons connected to it will abstain from voting in respect of their direct and/or indirect shareholders in SPB, if any, on the Special Resolution to be tabled at the forthcoming EGM.

## **6.3 Persons connected with directors and/or major shareholders of SPB**

- (i) Wen Ming Kang is the brother of Wen Chiu Chi. As at the LPD, he does not have any direct interest in SPB. However, he has 68.23% indirect interest in SPB by virtue of him being a beneficiary of The Amita Malaysia Trust with trust company, Amita (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.
- (ii) Wen Hsia Min is the sister of Wen Chiu Chi. As at the LPD, she does not have any direct interest in SPB. However, she has 68.23% indirect interest in SPB, by virtue of her being a beneficiary of The Manisha Malaysia Trust with trust company, Manisha (Kayin) Limited. The said trust has interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin, which in turn holds 68.23% interest in shares in SPB.
- (iii) Lee Boon Kian is a person connected with Kayin by virtue of him being an investment committee member of The Shanti Malaysia Trust, The Amita Malaysia Trust and The Manisha Malaysia Trust. The said trusts have interest in shares in Kayin (M), which in turn holds 100% interest in shares in Kayin. As at the LPD, Lee Boon Kian holds 4,200 SPB Shares.
- (iv) Wen Ming Kang, Wen Hsia Min and Lee Boon Kian will abstain from voting in respect of their direct and/or indirect shareholdings (as the case may be) in SPB, on the Special Resolution to be tabled at the forthcoming EGM. Wen Ming Kang, Wen Hsia Min and Lee Boon Kian have undertaken that they will ensure that persons connected with them will abstain from voting, in respect of their direct and/or indirect shareholdings in SPB, if any, on the Special Resolution to be tabled at the forthcoming EGM.

## **7. ADVISERS**

The Board has appointed CIMB as the Principal Adviser for the Proposed SCR.

In accordance with Paragraph 3.06 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Board (save for the Interested Director) has appointed Mercury Securities Sdn Bhd as the Independent Adviser to advise the Board (save for the Interested Director) and the disinterested shareholders on the fairness and reasonableness of the Proposed SCR and the voting action to be taken at the EGM to be convened.

## **8. DIRECTORS' STATEMENT**

The Board (save for the Interested Director) had on a meeting held on 17 December 2018 deliberated on the Proposal Letter as well as the Revised Proposal Letter and resolved to table the Proposed SCR to the Entitled Shareholders for consideration at the EGM to be convened.

**9. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, and subject to obtaining the necessary approvals and/or consents from the relevant authorities and/or parties as set out in **Section 5** of this announcement, the Proposed SCR is expected to be completed in the second quarter of 2019.

**This announcement is dated 17 December 2018.**