

MALAYSIA BUILDING SOCIETY BERHAD
Registration No. 197001000172 (9417-K)
(Incorporated in Malaysia)

MINUTES of the Court-Convened Meeting of Malaysia Building Society Berhad [Registration No. 197001000172 (9417-K)] held as virtual meeting through live streaming from the broadcast venue at Level 4, Menara MBSB Bank, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor (“Broadcast Venue”) on Friday, 24 November 2023 at 10.00 a.m.

<i>Present:</i>	Puan Lynette Yeow Su-Yin Encik Szalaza bin Zainuddin Ir Moslim bin Othman Encik Mohamad Abdul Halim bin Ahmad Dr. Loh Leong Hua Datin Hoi Lai Ping	Acting Chairman Non-Independent Executive Director Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director
<i>In Attendance:</i>	Encik Mohamed Rafe bin Mohamed Haneef Dato’ Azlan bin Shahrim	Group Chief Executive Officer Chief Strategy Officer
<i>Secretary:</i>	Cik Tina Koh Ai Hoon	Company Secretary
<i>Advisors:</i>	Puan Tan Keng Lin Puan Natalie Peh	Representative from AmInvestment Bank Berhad Representative from Albar & Partners
<i>Others:</i>	As per Attendance List	

CHAIRMAN OF MEETING

By an Order of the High Court of Malaya (“Court”) dated 5 October 2023, the Court has appointed Puan Lynette Yeow Su-Yin being the Acting Chairman of the Company to act as the Chairman of the Court-Convened Meeting (“CCM”).

OPENING

Puan Lynette Yeow Su-Yin (“the Chairman”) chaired the CCM of the Company. The Chairman welcomed all present and called the Meeting to order at 10.00 a.m.

The Chairman informed that the Court has ordered that CCM be conducted virtually through the remote participation and electronic voting application.

The Chairman then introduced the Board members, the Group Chief Executive Officer, the Chief Strategy Officer, the Company Secretary as well the representatives from the advisors, AmInvestment Bank Berhad and Albar & Partners.

QUORUM

Upon the request by the Chairman, the Company Secretary confirmed that the quorum was met.

PROXIES

The Secretary informed that a total of 154 shareholders and proxy holders, holding 6,066,171,821 ordinary shares or 73.78% of the issued and paid up capital of MBSB, have registered to participate in this Virtual CCM.

NOTICE

The Notice convening the Meeting having been circulated to shareholders via email or hard copy within the prescribed period was taken as read.

PROCEDURES FOR MEETING / INTRODUCTION TO REMOTE PARTICIPATION AND ELECTRONIC VOTING

1. The Chairman briefed that shareholders would be able to attend, speak (posed questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the CCM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website at <https://tjih.online>.
2. The Chairman informed that there was one (1) special resolution as set out in the Notice of CCM. In line with Para 8.29A of the Main Market Listing Requirements and pursuant to Clause 69 of the Company’s Constitution, the resolution set out in the Notice of CCM would be carried out by poll.
3. The Chairman informed that none of the directors hold any shares in MBSB and as such, would not be voting on the resolution for the CCM.
4. The Chairman informed that the Company had appointed the share registrar Tricor to act as poll administrator to conduct the polling process.
5. The Chairman further informed that the Company had appointed Coopers Professional Scrutineers Sdn Bhd (“Coopers”) to act as Scrutineers to verify the poll results. The poll would be conducted when the deliberations on the item to be transacted at this meeting was completed. Coopers was also appointed as Independent Observer for the Q&A session.
6. The Chairman then invited Tricor to brief the meeting, the procedure for remote voting.
7. A short video on the RPV procedures were presented at this juncture.
8. The Chairman informed that the voting was opened and shareholders could cast their respective votes at any time until the announcement of the closure of poll voting.

MANAGEMENT PRESENTATION AND REPLY TO SHAREHOLDERS QUERIES

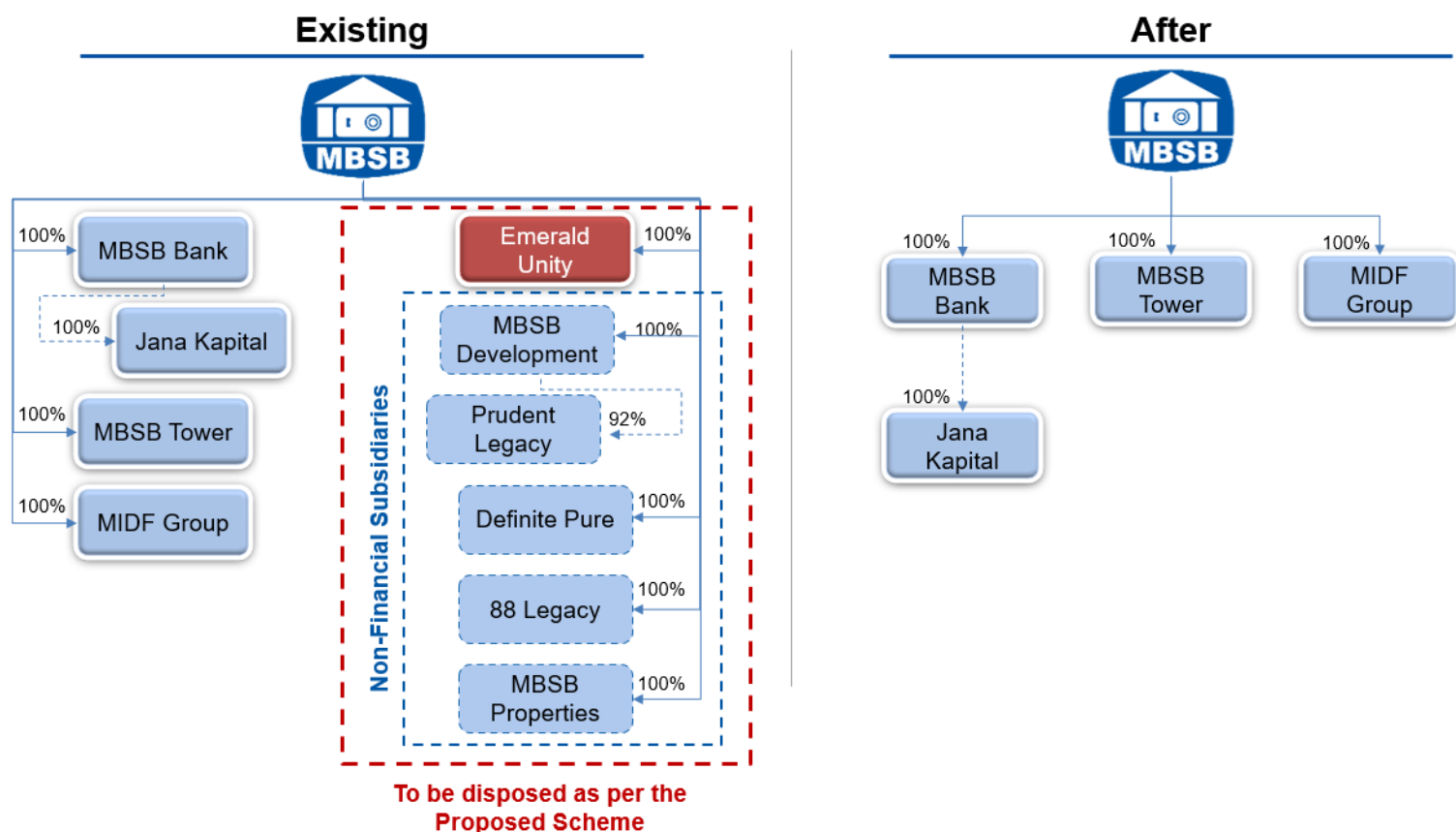
1. The Chairman invited the Group Chief Executive Officer (“GCEO”) of the Company, Encik Mohamed Rafe bin Mohamed Haneef (“Encik Rafe”) to present an overview of the proposed disposal by Malaysia Building Society Berhad (“MBSB”) of its residual assets & liabilities to Emerald Unity Sdn Bhd (“Emerald Unity”), a special purpose vehicle by way of a proposed scheme of arrangement pursuant to Section 366 and Section 370 of the Companies Act, 2016 (“Proposed Scheme”) as follows:-
 - i. MBSB will dispose the following residual assets & liabilities to Emerald Unity:-
 - a. Non-Performing Residual Conventional Loans
 - 8 residual non-performing conventional loans, 7 of which are under litigation
 - The consideration will be on a deferred cash basis based on net book value (“NBV”) at month end prior to transfer. As at 30 June 2023, the NBV of these loans stood at RM279 million.
 - Emerald Unity will continue with the ongoing recovery/ litigation to realise the claims and settle the deferred payment.

b. Non-Financial Subsidiaries

No.	Non-Financial Subsidiary	Status
1.	MBSB Development Sdn. Bhd.	No assets. To be liquidated after the completion of administrative measures, i.e., application by MBSB Development as developer for the remaining strata title.
2.	Prudent Legacy Sdn. Bhd. (subsidiary of MBSB Development)	In liquidation.
3.	MBSB Properties Sdn. Bhd.	To be liquidated upon completion of ongoing sales / transfer of properties.
4.	Definite Pure Sdn Bhd	To be liquidated following the settlement of the long outstanding litigation relating to the army camp in Skudai.
5.	88 Legacy Sdn. Bhd.	To be liquidated upon completion of ongoing sales / transfer of properties.

- The consideration shall be at a nominal sum of RM2 for each direct subsidiary payable on the transfer date (RM8 in total).

ii. The structure of MBSB Group before and after the Proposed Scheme would be as follows: -



- iii. The Proposed Scheme will have no major impact on MBSB’s proforma consolidated net assets and earnings which will be slightly lower taking into account the estimated expenses for the Proposed Scheme of RM15.5 million (which includes an estimated stamp duty of RM12.3 million).
- iv. Barring unforeseen circumstances and subject to regulatory approvals, the completion of the Proposed Scheme is expected to be by end March 2024.

2. Encik Rafe then informed that the Board was of the opinion that the Proposed Scheme was in the best interest of MBSB, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders. The Board recommended the shareholders to vote in favour of the resolution pertaining to the Proposed Scheme.
3. Encik Rafe then presented the answers to the queries raised by Minority Shareholder Watch Group (“MSWG”), Permodalan Nasional Berhad (“PNB”) and the answers for the list of questions received from the shareholders prior to the CCM as per *Annexure 1*.
4. Encik Rafe then proceeded to address the questions received via query box from the shareholders, corporate representative and proxies during the meeting, the details of which as per *Annexure 2*.
5. The Chairman thanked the shareholders for all the questions posted and informed that in the event the questions were not answered at the meeting, the Company Secretary would revert on the answers to the shareholders via email soonest possible.

AGENDA OF THE MEETING

1.0 TO APPROVE THE PROPOSED DISPOSAL BY MALAYSIA BUILDING SOCIETY BERHAD (“MBSB”) OF ITS RESIDUAL ASSETS & LIABILITIES TO EMERALD UNITY SDN BHD, A SPECIAL PURPOSE VEHICLE BY WAY OF A PROPOSED SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 AND SECTION 370 OF THE COMPANIES ACT, 2016

The Chairman informed that the agenda of the meeting, which was a special resolution, was to approve the proposed disposal by Malaysia Building Society Berhad (“MBSB”) of its residual assets & liabilities to Emerald Unity Sdn Bhd, a special purpose vehicle by way of a proposed scheme of arrangement pursuant to Section 366 and Section 370 of the Companies Act, 2016.

2.0 POLL PROCESS

There being no notice received for any other business, the Chairman declared that the meeting adjourned at 10.40 a.m. for the poll vote count.

3.0 ANNOUNCEMENT OF POLL RESULTS

The Chairman called the meeting to order at 10.55 a.m. for declaration of results. The Chairman informed that she has received the poll results from Tricor and the confirmation from Coopers. A copy of the same was attached as *Annexure 3*.

SPECIAL RESOLUTION

TO APPROVE THE PROPOSED DISPOSAL BY MALAYSIA BUILDING SOCIETY BERHAD (“MBSB”) OF ITS RESIDUAL ASSETS & LIABILITIES TO EMERALD UNITY SDN BHD, A SPECIAL PURPOSE VEHICLE BY WAY OF A PROPOSED SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 AND SECTION 370 OF THE COMPANIES ACT, 2016 (PROPOSED SCHEME”)

The details of the poll results were as follows: -

Resolution	Vote For				Vote Against			
	Number of Shares	%	Number of Proxy/ Shareholder	%	Number of Shares	%	Number of Proxy/ Shareholder	%
Special Resolution	6,079,523,302	99.9937	617	83.7178	383,669	0.0063	120	16.2822

- Proposed Scheme								
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The Chairman declared that the Special Resolution was duly passed as follows: -

It is hereby **RESOLVED**:-

THAT subject to the sanction of the Court and approval of all other relevant authorities (if any) being obtained, approval be and is hereby given for a scheme of arrangement between MBSB with its Shareholders under Sections 366 and 370 of the Act, details of which are as set out in Appendix IX of the circular and explanatory statement to the Shareholders dated 30 October 2023 (“**Circular and Explanatory Statement**”) and for its implementation, which entails, amongst others, the following:-

- (a) proposed transfer by the Company of all the ordinary share(s) of Emerald Unity Sdn Bhd (“**Emerald Unity**”) held by it to the corporate share trustee to be held on trust for the benefit of a nominated charity(ies) to be identified; and
- (b) proposed disposal and transfer by the Company of the remaining identified residual conventional financial assets and liabilities of the Company which comprise the non-financial subsidiaries of the Company as described in the Circular and Explanatory Statement and the non-performing residual conventional loans of the Company as at the date hereof, or such of the remaining assets and liabilities which cannot otherwise be disposed of or resolved, as at or by the respective transfer dates (“**Residual A&L**”), to Emerald Unity, for the following consideration:-
 - (i) for the shares of the non-financial subsidiaries directly held by the Company, based on a nominal sum of Ringgit Malaysia Two (RM2.00) for each of the said direct non-financial subsidiaries, to be settled in cash by Emerald Unity on the transfer date; and
 - (ii) for the non-performing residual conventional loans, at a consideration to be determined based on the net book value at the end of the month prior to the transfer of the non-performing residual conventional loans to Emerald Unity subject to a maximum of the amount owed under the respective non-performing residual conventional loans as at a date to be determined by the Company, to be settled in cash and on a deferred basis,

(collectively referred to as the “**Proposed Scheme**”), upon the terms and subject to the conditions of the Proposed Scheme as detailed in the Circular and Explanatory Statement and the sale and purchase agreement to be entered into by the Company and Emerald Unity in respect of the above disposal and transfer by the Company of the Residual A&L to Emerald Unity;

THAT the board of directors of the Company (the “**Board**”) be and is hereby authorised to complete and give effect to the Proposed Scheme and to do or to procure to be done, all acts, deeds and things for and on behalf of the Company, as the Board may consider necessary or expedient with full power to:-

- (a) execute, sign and deliver on behalf of the Company, the trust deed, sale and purchase agreement, any other agreements, and all such documents in relation to the Proposed Scheme and such other agreements, deeds, instruments, undertakings, declarations and/or arrangements, including any supplementary or variation of agreements and documents in connection therewith and to give full effect to and complete the Proposed Scheme; and
- (b) assent to any condition, modification, variation and/or amendment as may be permitted or as may be deemed necessary by the Board in the best interests of the Company and to take all steps and do all acts and things in any manner as they may deem necessary and/or expedient to finalise, implement, to give full effect to and complete the Proposed Scheme;

THAT authority be and is hereby given for the Common Seal of the Company to be affixed on the relevant documents or agreements to be entered into or prepared in connection with the Proposed Scheme in accordance with the Constitution of the Company;

AND THAT all previous action taken by the Board for the purpose of or in connection with the Proposed Scheme be and are hereby adopted, approved and ratified.

CLOSE OF MEETING

There being no notice received for any other business, the Chairman concluded the Meeting at 11.00 a.m. and thanked all present for their attendance.

SIGNED AS A CORRECT RECORD

-SIGNED-

CHAIRMAN



MINORITY SHAREHOLDERS WATCH GROUP (MSWG) QUERIES

QUESTION 1

1. The Subject Loans, with a net book value of RM279 million as of 30 June 2023, will be disposed to Emerald Unity Sdn Bhd at a consideration based on the net book value to be determined later.

Emerald Unity is tasked to settle or recover money from these non-performing conventional loans MBSB sells to it. In turn, MBSB shall receive proceeds arising from the settlement or recovery of the Subject Loans as consideration for the Subject Loans.

- a) **What is the likelihood of recovering the Subject Loans as they are already categorised as non-performing loans?**

ANSWER:

The recovery of the Subject Loans is dependent on the realisation of the charged properties, most of which have a forced sale value higher than the outstanding amounts.

QUESTION 1 (CONT'D)



b) What types of loans did the Subject Loans originate from?

ANSWER:

The loans are mainly conventional loans (primarily bridging and term loans) extended by MBSB to its customers between years 1995 to 2012.

The loans were primarily for property development and construction purposes.

QUESTION 2

2. Upon the disposal by MBSB of the Residual A&L to Emerald Unity, MBSB will bear the costs and expenses that Emerald Unity and the Subject Loans incurred during the normal course of business. At the same time, MBSB will also provide its financial support related to legal costs for the conduct of the litigation of Subject Loans.

What is the estimated operating expenditure per annum to enable Emerald Unity to maintain its normal course of business?

ANSWER:

The estimated operating expenditure per annum for Emerald Unity is approximately RM0.3 million which consists of trustee fees, directors' fees and administrative expenses.

The above excludes costs in relation to the Subject Loans (including legal costs) and the non-financial subsidiaries which will be incurred by MBSB with or without the Proposed Disposal. There will also be agency fees (to be agreed) for the servicing agent to manage, amongst others, the litigation cases. MBSB proposes to appoint one of its subsidiaries as the servicing agent.

QUESTION 3

3. Under the Proposal SOA, MBSB will dispose of shares of its four non-financial subsidiaries to Emerald Unity for a nominal sum of RM2 for each subsidiary. The four subsidiaries were primarily involved in property development and leasing activities. They are no longer active in business now.
- a) All four subsidiaries are in a net debt position with net liabilities ranging from RM79.27 million to RM706.16 million (page 3 of the Circular dated 30 October 2023). At the same time, they all recorded net losses mainly due to interest expense on financing.

Why did MBSB Bank extend significant loans to these subsidiaries despite their inactive status?

ANSWER:

Historically, the non-financial subsidiaries were set up to hold the foreclosed assets. The transfer by MBSB of the foreclosed properties to the relevant subsidiaries resulted in amounts owing by these subsidiaries to MBSB/MBSB Bank. Thereafter, the non-financial subsidiaries accrued interest/profit which further increased the amounts owing to MBSB/MBSB Bank. These amounts owing are eliminated at MBSB Group level.

QUESTION 3 (CONT'D)

- b) Referring to the audited financial statements of Definite Pure Sdn Bhd, term loan amounted to RM704.25 million was granted by MBSB to DPSB, which in turn advanced the monies to KCSB Konsortium Sdn Bhd to fund the development of an army camp in Skudai, Johor (page 153 of the Circular). The advances were written off in 2022.

Why were the monies advanced to KCSB Konsortium previously through DPSB, a non-financial subsidiary, instead of via a loan agreement with MBSB?

ANSWER:

DPSB was established as the joint venture company to carry out the development of the abovesaid project in order for MBSB to share the benefit of the project. DPSB then entered into a term loan agreement with MBSB in securing the funding of the army camp.

Hence, the monies were advanced by DPSB to KCSB as the loan agreement was entered into between DPSB (JV Company) and MBSB.

QUESTION 3 (CONT'D)

What is the status of the army camp project and what is the likelihood of its revival?

ANSWER:

The advances granted to KCSB Konsortium Sdn Bhd (KCSB) were written off in year 2022. A settlement agreement was signed by both parties on 11 October 2022 to settle the legal dispute out of court with monetary compensation.

Following settlement, the JV was terminated and MBSB ceased to have any interest in the project.

QUERIES FROM PERMODALAN NASIONAL BERHAD (“PNB”)

QUESTION 1

Proposed Scheme of Arrangement

We understand that in early 2018, MBSB obtained a vesting order to transfer its Shariah-compliant assets and liabilities to MBSB Bank and dispose its non-Shariah-compliant assets and liabilities, as well as the non-financial subsidiaries, within a period of three (3) years ending 1 April 2021.

Can you provide some clarification relating to the delay in completing the exercise within the original deadline?

ANSWER:

MBSB's identified assets to be transferred or disposed stood at more than RM2 billion as at 2018. Of the RM2 billion, all assets have been resolved except for 8 non-performing loans amounting to RM279 million as at 30 June 2023, of which 7 are subject to litigation. Further, all remaining identified properties under MBSB and the non-financial subsidiaries have either been sold or are pending sale/transfer completion.

The delay in completing the exercise was mainly attributed to COVID-19 which had softened the property market and hampered MBSB's efforts in disposing the subject assets at an acceptable price, as well as causing delays in the litigation process.

QUESTION 1 (CONT'D)



Proposed Scheme of Arrangement

Referring to page 15 of the circular, the share trustee holds the power to distribute any and all distributions and entitlements to the Emerald Unity Shares to the nominated charity(ies). Have the charity(ies) been identified and what are the selection criteria?

ANSWER:

The charities have not been identified. The trustee is empowered under the trust deed to nominate one or more trusts, foundations, institutions or other charitable organisations registered with the Registrar of Societies or with the Companies Commission of Malaysia as it deems fit.

QUESTION 2

Subject Loans

Referring to page 5 of the circular, the subject loans of RM279 million (as at June 2023) are non-performing conventional loans. Nevertheless, the amount of the final net book value will depend on, amongst others, the loan outstanding amount and the ECL provisioning to be made.

What is the latest value of the subject loans and are there any additional provisions to be made? Could you provide some colour on the subject loans (ie: sectors and segments)?

ANSWER:

As at 31 October 2023, the net book value of the subject loans is approximately RM277 million. The decrease in the net book value was due to expected credit loss (i.e. provisioning) in accordance with MFRS9. There is no additional provision to be made at this moment.

The loans are mainly in the following sectors:-

Sector	No. of Accounts	RM'mil
Property Development & Construction	7	209
Services	1	68
		277

QUESTION 3

Capital Adequacy

Will the Proposed SOA have an impact on MBSB Group's Risk Weighted Assets? If yes, how would this impact the capital position of the group and the bank?

ANSWER:

The Proposed Scheme will not have any impact on the Risk Weighted Assets (RWA) calculation of MBSB Group as the subject loan will not be de-recognised despite being transferred to Emerald Unity.

Accordingly, the Proposed Scheme would not have any material impact on the capital position of the Bank and MBSB Group.

PRE-CCM QUERIES FROM SHAREHOLDERS

QUESTION 1

Is the company expected to declare dividends after this exercise is completed?

ANSWER:

Any declaration of dividends would need to take into consideration the financial performance of the group, working capital requirements, applicable legal requirements and also be subject to BNM's approval.

OTHERS

Is the company giving any door gift to shareholders attending this EGM?

ANSWER:

The company has a no-gift policy. We believe in rewarding all shareholders equally and meaningfully. To achieve this, available funds will be channeled back to shareholders in terms of dividends.

Annexure 2

Live Questions and Answers (CCM)

No	Question	Answer
1	The group CEO had earlier said the management intended to reward shareholders with special dividend after the merger with midf . Now the merger has been completed , may I know when will the special dividend to be distributed to shareholders and how much dividend to be given out?	Any declaration of dividends would need to take into consideration the financial performance of the group, working capital requirements, applicable legal requirements and is also subject to regulators' approval.
2	For year 2023, when will the bank will declare dividend to be paid out to shareholders and how much will it be?	Any declaration of dividends would need to take into consideration the financial performance of the group, working capital requirements, applicable legal requirements and also be subject to regulator's approval.
3	When does MBSB becoming an Islamic Bank ? What is the progress ?	MBSB Bank (subsidiary of MBSB) is a full fledged Islamic bank itself. As for MBSB, there are conventional assets (including the non-performing loans to be addressed under this Proposed Scheme), however MBSB shares have been listed as a shariah compliant Islamic stocks since year 2022.
4	Pls post the printed circular to my address. Thanks	We will send the circular to you within four working days.
5	This rationale is to ensure MBSB as an investment holding company without any loans and direct interest in financial services. How about MBSB existing assets and liabilities arrangement?	The remaining assets and liabilities (other than identified under this Proposed Scheme) will remain with MBSB. None of them relates to loans or direct interest in financial services.
6	Would any of the proceed be shared out to shareholders after it's done? The past management should be held accountable for such losses incurred while shareholders suffers w/o any benefits while the past management had taken the hefty salaries & bonuses despite poor performance done!	No proceed to be received in this exercise. The proceed will only be received upon recoveries by Emerald Unity. Any declaration of dividends would need to take into consideration the financial performance of the group, working capital requirements, applicable legal requirements and also be subject to BNM's approval.
7	Any changes of management personnel with the implementation of the proposed scheme?	There will be no change to the Management Personnel.
8	Why wants to appoint independent scrutinizer instead of own corporate investor relation team to manage Q&A?	The role of the scrutineer is to verify the poll results and not to manage the Q&A.
9	If emerald unity directly involved in MBSB? Will it affected MBSB financial performance as a whole in the future?	We have set out the effects of the Proposed Scheme on MBSB's financial position in Section 6 of the Circular
10	Emerald Unity has legal right to constitute legal action against the loan defaulter? If Emerald unity fail to recover the default loan, will it affected MBSB group financial standing?	Upon transfer, Emerald Unity will have the legal right to continue the legal action against the loan defaulter. In the event of shortfall in the recoveries, there will be an impact to MBSB's financials.
11	What is the estimated timeframe to completely liquidate the non-financial subsidiaries and resolve the NPLs?	We are targeting up to 5 years to resolve, however as there are litigation ongoing this may extend beyond 5 years.
12	Who determine the compensation sum of the proposed scheme?	The compensation rate was derived from the prevailing interest rate range of the respective Subject Loans

MALAYSIA BUILDING SOCIETY BERHAD

(9417-K)

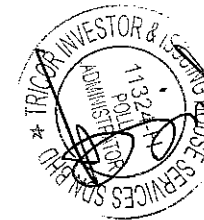
Court Convened Meeting

Level 4, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor.

On 24-November-2023 at 10:00AM

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Special Resolution	6,079,523,302	99.9937	383,669	0.0063	6,079,906,971	100.0000

MALAYSIA BUILDING SOCIETY BERHAD
(9417-K)

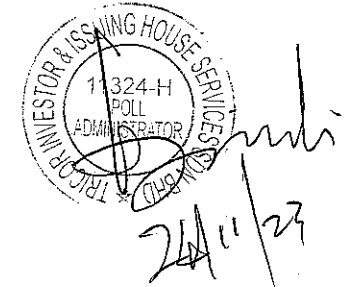
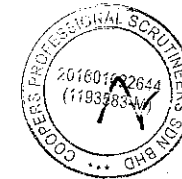
Court Convened Meeting

Level 4, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor.

On 24-November-2023 at 10:00AM

Result On Voting By Poll

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Special Resolution	6,079,523,302	99.9937	617	83.7178	383,669	0.0063	120	16.2822	6,079,906,971	100.0000	737	100.0000



Resolution(s)	Pre-determined Abstain *		Abstain / Spoilt #	
	No of Units	No of P/S	No of Units	No of P/S
Special Resolution	0	0	799,779	23

* These votes refer to holders who have pre-determined abstain from voting in proxy forms or holders refrained from voting due to conflict of interest.

These refer to:

- 1) Holders who have chosen not to vote (e-voting) or
- 2) Abstain / Spoilt votes as reflected in poll slips (poll slip voting)

