



# PROPOSED SCHEME

**COURT-CONVENED MEETING**  
**24 November 2023**

**Presentation to shareholders by**  
**RAFE HANEEF**  
**GROUP CHIEF EXECUTIVE OFFICER**

## THE PROPOSED SCHEME - OVERVIEW

- The Proposed Scheme is to enable MBSB to be an investment holding company with no loans and no direct interest in companies which are not involved in financial services, pursuant to Section 126 of the Islamic Financial Services Act 2013 (IFSA) (corresponding Section 114 of Financial Services Act 2013 (FSA)).
- Emerald Unity has been incorporated and will hold the residual assets and liabilities under a trust structure, separate from MBSB.

# THE PROPOSED SCHEME – OVERVIEW (CONT'D)



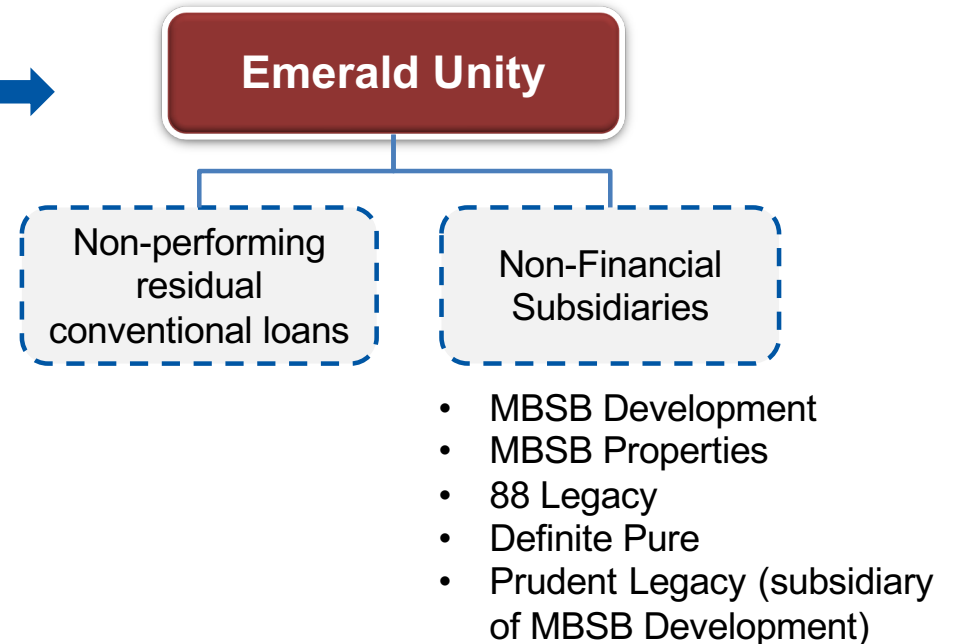
MBSB will dispose the following Residual A&L to Emerald Unity:-

## **i. Non-performing residual conventional loans**

On a deferred cash basis based on NBV at month end prior to transfer. For info, the NBV @ 30 June 2023 is RM279 million.

## **ii. Non-Financial Subsidiaries**

At a nominal sum of RM2 for each direct subsidiary payable on the transfer date.



# NON-PERFORMING RESIDUAL CONVENTIONAL LOANS



<b>Number of Loans</b>	<ul style="list-style-type: none"> <li>8 residual non-performing conventional loans, 7 of which are under litigation.</li> </ul>
<b>Basis of Consideration</b>	<ul style="list-style-type: none"> <li>Consideration will be on a deferred basis and based on NBV at the month end prior to the transfer. As at 30 June 2023, the NBV of these loans stood at RM279 million.</li> <li>Emerald Unity will continue with the ongoing recovery/ litigation to realise the claims and settle the deferred payment.</li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>The deferred payment of the consideration shall be settled with compensation at the rate of 6.75% - 8.75% p.a. (based on the applicable interest rates of the respective Subject Loans).</li> <li>It is payable from the date of transfer to Emerald Unity until the date of settlement of the respective Subject Loans.</li> </ul>
<b>Additional Consideration</b>	<ul style="list-style-type: none"> <li>Additional consideration to MBSB after settling all cost and expenses if proceeds from settlement/recovery is more than the sum of deferred cash consideration + accrued compensation.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>MBSB will have an obligation to pay for the operational costs and expenses of Emerald Unity and to satisfy on-going liabilities on judgments or orders made against Emerald Unity in respect of the Subject Loans.</li> </ul>

# THE PROPOSED SCHEME – NON-FINANCIAL SUBSIDIARIES



- The non-financial subsidiaries comprise of:

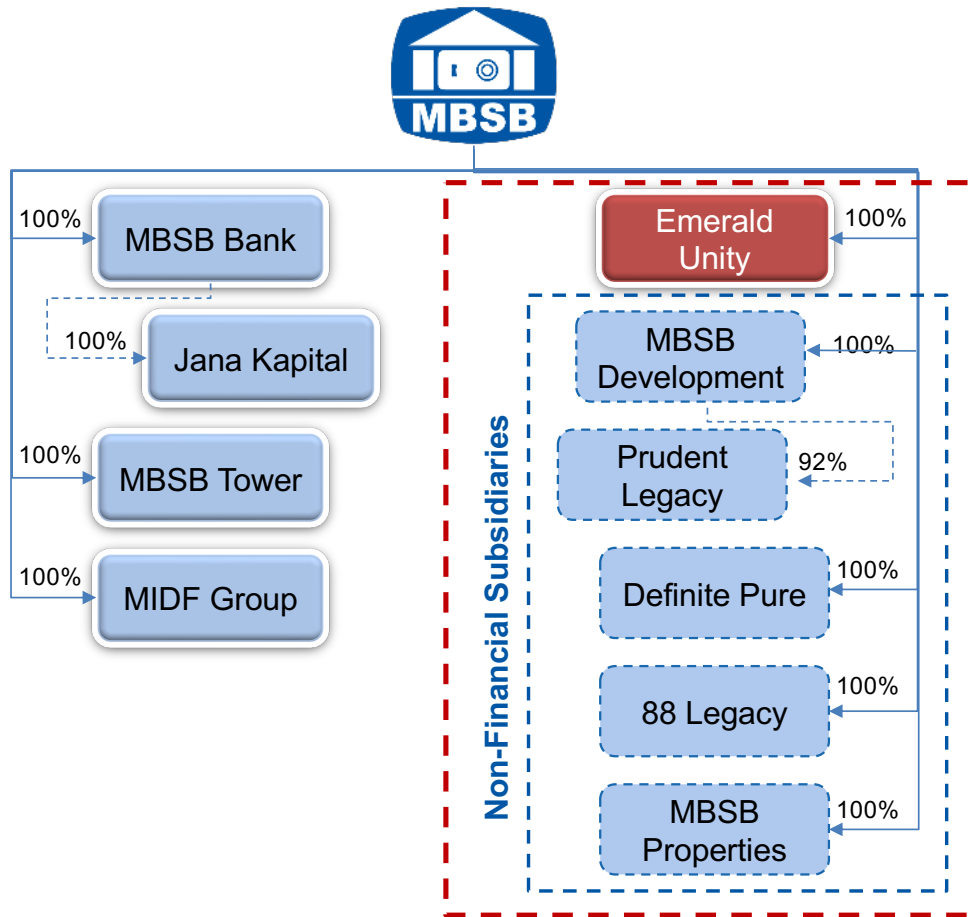
No.	Non-Financial Subsidiary	Status
1.	MBSB Development Sdn. Bhd.	<ul style="list-style-type: none"> <li>No assets. To be liquidated after the completion of administrative measures, i.e., application by MBSB Development as developer for the remaining strata title.</li> </ul>
2.	Prudent Legacy Sdn. Bhd.	<ul style="list-style-type: none"> <li>In liquidation.</li> </ul>
3.	MBSB Properties Sdn. Bhd.	<ul style="list-style-type: none"> <li>To be liquidated upon completion of ongoing sales / transfer of properties.</li> </ul>
4.	Definite Pure Sdn Bhd	<ul style="list-style-type: none"> <li>To be liquidated following the settlement of the long outstanding litigation relating to the army camp in Skudai.</li> </ul>
5.	88 Legacy Sdn. Bhd.	<ul style="list-style-type: none"> <li>To be liquidated upon completion of ongoing sales / transfer of properties.</li> </ul>

- The consideration for the non-financial subsidiaries shall be nominal sum of RM8 in total.
- Consideration is based on the net assets prior to transfer.

# MBSB GROUP BEFORE & AFTER THE PROPOSED SCHEME

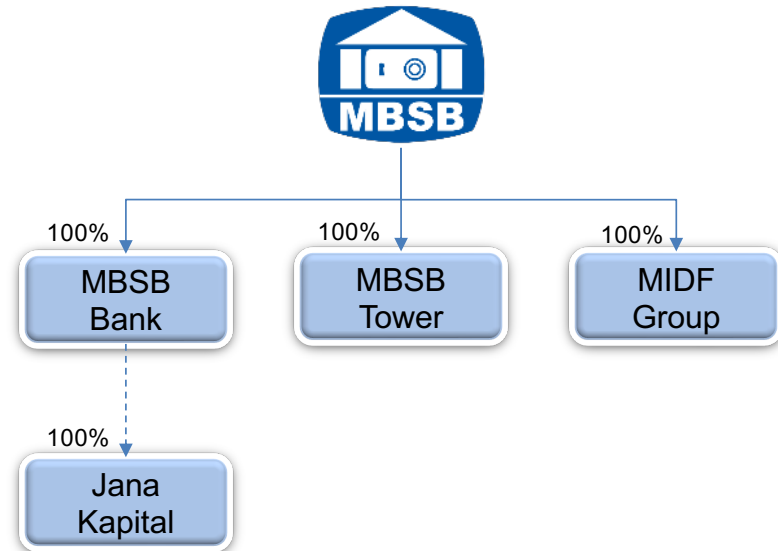


## Existing



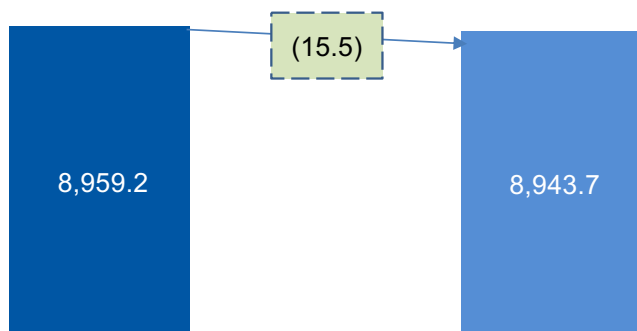
**To be disposed as per the Proposed Scheme**

## After



# FINANCIAL EFFECTS ON MBSB GROUP

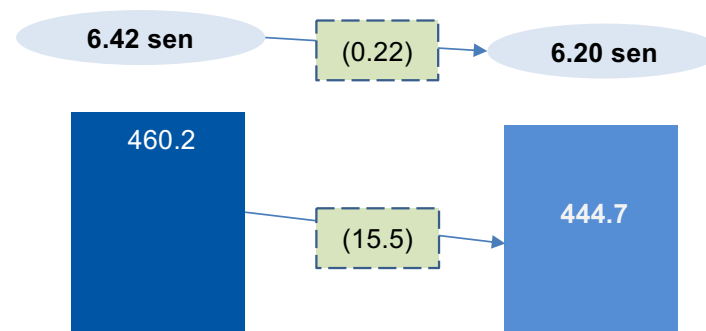
## Net Assets (RM' mil)



FYE 2022

After Proposed Scheme

## Earnings (RM' mil)



FYE 2022

After Proposed Scheme

EPS

Note: These financial effects have not taken into account MBSB's acquisition of MIDF.

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).

# APPROVALS REQUIRED



Approvals required for completion

Obtained



High Court of Malaya  
5 October 2023

**OBTAINED**

Approval for the Court-  
Convened Meeting  
("CCM") pursuant to  
Section 366(1) of the  
Companies Act 2016

Remaining approvals to be obtained



MBSB's Shareholders  
24 November 2023

**TO BE OBTAINED AT THIS  
CCM**

**AT LEAST 75% IN TOTAL VALUE  
OF THE SHAREHOLDERS,  
PRESENT AND VOTING AT THIS  
CCM**



High Court of Malaya

**TO APPLY AFTER  
APPROVAL AT CCM**

Final sanction in respect of the  
Scheme, including granting of  
vesting order pursuant to Section  
366(2) and 370 of the Companies  
Act 2016

Barring unforeseen circumstances and subject to regulatory approvals,  
completion is expected to be by end March 2024.



# DIRECTORS' STATEMENT AND RECOMMENDATION

The Board is of the opinion that the Proposed Scheme is in the  
**BEST INTEREST OF MBSB**



Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Scheme at this CCM

This presentation is only a summary of the Proposed Scheme. Shareholders are advised to read and carefully consider the contents of the Circular and Explanatory Statement and the appendices contained in the Circular and Explanatory Statement for further details and not to rely solely on this presentation in forming a decision on the Proposed Scheme before voting by way of poll at the CCM. Unless stated otherwise, the defined terms herein will have the same meaning as the Circular and Explanatory Statement.