

MALAYSIA BUILDING SOCIETY BERHAD (“MBSB” OR “COMPANY”)

PROPOSED ACQUISITION BY AMBANG HARTAMAS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MBSB, OF A PROPOSED OFFICE BUILDING TO BE DEVELOPED FOR A TOTAL CASH CONSIDERATION OF RM239,236,750 (“PROPOSED ACQUISITION”)

1. INTRODUCTION

On behalf of the Board of Directors of MBSB (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) is pleased to announce that the Company had on 12 December 2012 acquired the entire issued and paid-up share capital of Ambang Hartamas Sdn Bhd (“**Ambang Hartamas**”) for a total cash consideration of RM2.00. Ambang Hartamas, which is now a wholly-owned subsidiary of MBSB will facilitate the Proposed Acquisition.

Following the above, on behalf of the Board, RHB Investment Bank is pleased to announce that Ambang Hartamas had on 12 December 2012 entered into a conditional sale and purchase agreement with P. J Sentral Development Sdn Bhd (“**PJ Sentral**” or “**Vendor**”) for the proposed acquisition of between 27 to 30 floors of strata office space of a proposed “Grade A” office building to be developed and identified as Tower 3 (“**Tower 3**”) (“**Building**”) for a total cash consideration of RM239,236,750 (“**Purchase Consideration**”) (“**SPA**”).

(MBSB and PJ Sentral shall hereinafter be collectively referred to as the “**Parties**”).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Description of the Building

The proposed Tower 3, which is a purpose built “Grade A” office building to be developed in accordance with the requirements of Ambang Hartamas, will comprise between 27 to 30 floors of office space, four (4) basement car park levels (“**Basement Car Parks**”) and one (1) service floor (“**Service Floor**”) and forms part of the first phase of a proposed mixed development project identified as PJ Sentral Garden City (“**PJ Sentral Phase I**”). PJ Sentral Phase I, comprising five (5) office towers (including Tower 3) and a 4 acre central park, will be developed by the Vendor on a plot of leasehold land held under Lot No. 12, Seksyen 26 No. Hakmilik 71105, Bandar and Daerah Petaling Jaya, Selangor with an area measuring approximately 429,235 square feet of which PJ Sentral is the registered and beneficial owner (“**Land**”). The tenure of the Land is 99 years expiring on 9 February 2108.

The proposed Tower 3 is proposed to be developed with a high clear floor to ceiling height of 2.7 meters and curtain wall with double glazing for the vision panel, a flagship banking hall for MBSB, Leadership in Energy and Environmental Design (“**LEED**”) Gold status, Green Building Index (“**GBI**”) accreditation and Multimedia Super Corridor (“**MSC**”) compliant.

The Building will comprise between 27 to 30 floors of strata office space with a total net lettable area (“**NLA**”) of 281,455 square feet, four (4) car park bays on street level, as accessory parcels to the building, and all lifts and lift cores within the building and all lifts to the car park up to all basement levels as well as the mechanical and electrical rooms within the building. The Proposed Acquisition shall exclude the Basement Car Parks and all common property and structures that are adjoining the building such as the driveway, entrance porch and covered walkway.

The development order (“**DO**”) for PJ Sentral Phase 1 was initially approved by Majlis Bandaraya Petaling Jaya (“**MBPJ**”) on 30 June 2010 and was further extended to 2 June 2011. The Vendor had subsequently submitted an amended DO which was approved by MBPJ on 3 December 2012. The development of the Building is estimated to take 33 months from the Construction Commencement Date (as defined herein) and is expected to be completed by the fourth (4th) quarter of 2016.

The building plans for Tower 3 is targeted to be finalised and submitted to the appropriate authorities within three (3) months from the date of this Announcement.

2.2 Basis and justification for the Purchase Consideration

The purchase consideration for the Proposed Acquisition of RM239,236,750, which translates into approximately RM850 per square foot based on the total NLA of the Building of 281,455 square feet, was arrived at on a willing buyer-willing seller basis after taking into consideration the location and specifications of the purpose built “Grade A” office building which have been agreed upon between the Company and the Vendor as well as other key features, which include, amongst others, LEED Gold status and GBI accreditation as well as MSC compliant.

The Purchase Consideration is subject to an independent valuation on the Building which will be undertaken by an independent valuer to be appointed by the Company (“**Valuer**”), upon the receipt of MBPJ’s approval for the building plans.

In accordance with the terms of the SPA, in the event that the market value of the Building as appraised by the Valuer is below the Purchase Consideration by not more than 2%, the Purchase Consideration shall be adjusted in the manner as set out in Section 2.7.2(b) below.

2.3 Mode of settlement

The Purchase Consideration shall be satisfied entirely in cash in the manner set out in Sections 2.7.1, 2.7.2(d) and 2.7.3(a) below.

2.4 Liabilities to be assumed

There is no liability, including any contingent liability and guarantee, to be assumed by MBSB pursuant to the Proposed Acquisition.

2.5 Source of funding

The Purchase Consideration, which will be satisfied entirely in cash, is proposed to be financed by MBSB/ Ambang Hartamas in the following manner:-

	<u>RM</u>
Bank borrowings	167,465,725
Internally generated funds	71,771,025
	<u>239,236,750</u>

2.6 Original date and cost of investment by the Vendor

The total land cost attributable to PJ Sentral Phase I is approximately RM193 million which was incurred by the Vendor on 14 December 2010 and the gross development cost for Tower 3 (excluding land cost) is estimated to be approximately RM180 million.

2.7 Salient terms of the SPA

2.7.1. Agreement to sell

Subject to the terms and conditions of the SPA and in consideration of the payment of a deposit of RM4,784,735 by Ambang Hartamas to PJ Sentral within 10 business days from the date of the SPA (“**Deposit Sum Part 1**”), PJ Sentral agrees to sell and Ambang Hartamas agrees to purchase the Building at the Purchase Consideration on the following basis:-

- (a) with vacant possession;

- (b) free from encumbrances upon delivery or deemed delivery of vacant possession; and
- (c) subject to all conditions of title and restrictions in interest expressed or implied which are already subsisting on, against or over the title to the Land as at the date of the SPA or as may be imposed thereafter by the appropriate authorities affecting the Land and/or the strata title to the Building when issued.

2.7.2. Conditions precedent

- (a) The performance of the SPA is subject to the following:-
 - (i) the Parties agreeing on the building plans to be submitted to the appropriate authorities for approval which shall, upon the Parties' signing off, form part of the SPA ("**Building Plans**");
 - (ii) the Parties agreeing to:-
 - aa. the design and full specifications of the Building, which shall, upon the Parties' signing off, form part of the SPA;
 - bb. the technical parameters including, civil, structural, mechanical and architectural requirements of the Building ("**Technical Parameters**") which shall, upon the Parties' signing off, form part of the SPA. For avoidance of doubt, in the event the technical specifications in the "as-built" drawings differ from that set out in the Technical Parameters, the Technical Parameters shall prevail;
 - cc. the Health Safety Security Environment (HSSE) policies of PJ Sentral and/or its main contractor, in such form and content which is in compliance with the requirements of the appropriate authorities; and
 - dd. the completion inspection checklist prescribed by PJ Sentral, and to be agreed by Ambang Hartamas, for the joint inspection pursuant to the handover of the Building ("**Completion Inspection Checklist**");
 - (iii) if required, the approval of the shareholders of PJ Sentral for PJ Sentral to enter into the SPA;
 - (iv) the approval of the shareholders of MBSB at an extraordinary general meeting ("**EGM**") to be convened, to enter into the SPA;
 - (v) the approval of the appropriate authorities for the Building Plans having been obtained by PJ Sentral;
 - (vi) the execution of a deed of mutual covenants between Ambang Hartamas and PJ Sentral in respect of use of the Building, the Land and common property, in form and content acceptable to both Parties ("**Deed of Mutual Covenants**"); and
 - (vii) the completion of the independent valuation for the Building by an independent valuer appointed by Ambang Hartamas at Ambang Hartamas' sole discretion ("**Independent Valuation**") agreeing to the basis of computation of the NLA as calculated by PJ Sentral, and reporting a market value for the Building which shall not be lower than the Purchase Consideration, after taking into consideration any instruction, comments and/or feedback of the relevant authority in connection with the Independent Valuation,

Save and except for the conditions precedent in Sections 2.7.2(a)(i) and (ii) above which are to be fulfilled within three (3) months from the date of the SPA or such other date as the Parties shall mutually agree to, the conditions precedent in Sections 2.7.2(a)(iii) to (vii) above are to be fulfilled within a period of 12 months from the date of the SPA subject to an automatic extension of six (6) months thereafter and such further extended period as may be agreed in writing between the Parties (“**Conditional Period**”) which shall, where the context requires, be construed as three (3) months for Sections 2.7.2(a)(i) and (ii) above.

- (b) If the condition in Section 2.7.2(a)(vii) above is not or cannot be fulfilled by reason of the Independent Valuation reporting a market value for the Building (“**Market Value**”) below the Purchase Consideration, the Parties agree that the following provisions shall take effect:-
- (i) In the event the Market Value differs from the Purchase Consideration by not more than 2%, the Parties shall accept the Market Value as indicated in the Independent Valuation, whereupon the Parties shall, subject to the fulfillment of all the Conditions Precedent, proceed to complete the Proposed Acquisition with the Purchase Consideration being adjusted to that of the Market Value;
 - (ii) In the event the Market Value differs from the Purchase Consideration by more than 2%:-
 - aa. The Conditional Period shall be suspended for a period of two (2) months from the date PJ Sentral is notified of such valuation for PJ Sentral to decide in its absolute discretion whether it wishes to proceed with the sale of the Building to Ambang Hartamas at the purchase price based on the Independent Valuation;
 - bb. If PJ Sentral shall in its absolute discretion decide to proceed with the sale of the Building to Ambang Hartamas at the purchase price based on the Independent Valuation, PJ Sentral shall notify Ambang Hartamas of such decision in writing whereupon the Parties shall, subject to the fulfillment of all the Conditions Precedent, proceed to complete the transactions contemplated in the SPA with the purchase consideration being adjusted to that of the Market Value; and
 - cc. If PJ Sentral shall in its absolute discretion decide not to proceed with the sale of the Building to Ambang Hartamas at the purchase price based on the Independent Valuation, PJ Sentral shall notify Ambang Hartamas of such decision in writing whereupon the SPA shall be deemed terminated and the Parties shall be released from performance or observance of the terms of the SPA, and shall have no further claim against each other in respect thereof. PJ Sentral shall refund to Ambang Hartamas the Deposit Sum Part 1, free of interest, within 14 business days of the termination of the SPA, neither Party shall have any claims against the other and PJ Sentral shall be entitled to deal with the Building in such manner as it deems fit in its absolute discretion.

For the avoidance of doubt and for purposes of clarification, the Parties thereby agree that in the event the Independent Valuation for the Building reports a market value higher than the Purchase Consideration, there shall be no adjustment to the Purchase Consideration and the sale and purchase of the Building shall be proceeded with by the Parties at the Purchase Consideration.

- (c) Subject to Section 2.7.2(b) above, if the conditions mentioned in Section 2.7.2(a) above or any one of them are not fulfilled within the relevant Conditional Period, the SPA shall be terminated and the Parties shall be released from performance or observance of the terms of the SPA, and shall have no further claim against each other in respect thereof. PJ Sentral shall refund to Ambang Cendana the Deposit Sum Part 1, free of interest, within 14 business days of termination of the SPA, neither Party shall have any claims against the other and PJ Sentral shall be entitled to deal with the Building in such manner as it deems fit in its absolute discretion.
- (d) Within 14 business days of the fulfilment of all Conditions Precedent, Ambang Hartamas shall make payment of a further deposit of RM19,138,940 to PJ Sentral (“**Deposit Sum Part 2**”).
- (e) PJ Sentral shall begin construction of the Building no later than 30 days after the fulfilment of all Conditions Precedent (“**Construction Commencement Date**”).
- (f) Parties shall furnish to each other certified true copies each of the documents set out in Sections 2.7.2(a)(iii) to 2.7.2(a)(v) and 2.7.2(a)(vii) above and the Independent Valuation within 14 business days of fulfilment of each of the Conditions Precedent.

2.7.3. Payment of Purchase Consideration

- (a) The Purchase Consideration shall be paid by Ambang Hartamas to PJ Sentral by installments on a progressive basis at the times and in the manner as set out in the SPA (“**Installments**”). Save for Deposit Sum Part 1 and Deposit Sum Part 2 (collectively the “**Deposit Sum**”) (which shall not include the Retention Sum, being 5% of the Purchase Consideration less the Deposit Sum) which are to be paid in accordance with Sections 2.7.1 and 2.7.2 above respectively, the remaining Installments (after deduction of the relevant proportion of Retention Sum which is to be retained by Ambang Hartamas) shall be paid by Ambang Hartamas to PJ Sentral within 14 business days from the date of notice in writing from PJ Sentral that the payment of the Installment(s) is due and payable by Ambang Hartamas (“**Payment Notice**”) together with the progress certificate signed by the architect in charge of the development and construction of the Building certifying the percentage of completion of the construction of the Building or certifying the completion of the Building, as the case may be (“**Progress Certificate**”). The full Retention Sum shall be paid by Ambang Hartamas to PJ Sentral’s solicitors as stakeholder within 14 business days from the date of issuance of the Certificate of Completion and Compliance (“**CCC**”).
- (b) Each Payment Notice shall be supported by a Progress Certificate in writing confirming the percentage of completion of the construction of the Building as at the 30th day of each month save in the month of February when it will be on the 28th day of the month. A duly signed original Progress Certificate by PJ Sentral’s architect in charge of the Building and certified as true by a director of PJ Sentral.
- (c) Ambang Hartamas is entitled to appoint an independent checker consultant and/or any of Ambang Hartamas’ representative(s) solely to verify the percentage of completion of construction of the Building in accordance with the terms of the SPA.

2.7.4. Interest on late payment

Without prejudice to PJ Sentral’s rights under Clause 7 of the SPA, if any of the Installment(s) shall remain unpaid by Ambang Hartamas after 14 business days from the date of the Payment Notice, interest on the unpaid Installment(s) or any part thereof, calculated from day to day at a rate of 8% per annum (before as well as after judgment), shall be payable by Ambang Hartamas from the date following the due date up to and including the date of full payment of the Installment(s) or any part thereof.

2.7.5. Delivery of documents

- (a) Ambang Hartamas shall upon the execution of the SPA deliver to PJ Sentral a guarantee, in form and content acceptable to PJ Sentral, by its holding company, MBSB.
- (b) Simultaneously with the delivery of vacant possession of the Building in accordance with the terms of the SPA, PJ Sentral shall deliver to Ambang Hartamas the following:-
 - (i) the original CCC issued by the architect in respect of the Building together with all relevant documents in support of the CCC;
 - (ii) the original copies of the “As-Built” drawings of the following in respect of the Building:-
 - aa. architectural (which is inclusive of façade), civil and structural works;
 - bb. all plumbing, mechanical and electrical installations;
 - cc. piling works;
 - dd. any other works for which “As-Built” drawings, diagrams or the like are required;
 - (iii) the original copies of warranty cards and certificates, operations and manuals and such other relevant documents relating to the anti-termite, water proofing, roller shutters and mechanical and electrical systems, equipment and fittings of the Building;
 - (iv) all keys, lock sets, access cards and other devices to enter the Building; and
 - (v) the written confirmation by the GBI consultant (appointed by PJ Sentral at its own costs and expenses) that the Building is GBI ready with at least 55 points.
- (c) Within four (4) months from the Vacant Possession Date (as defined hereinafter), PJ Sentral shall deliver to Ambang Hartamas the original LEED certificate, and reports pertaining thereto, for the Building.

2.7.6. Time for delivery of vacant possession

- (a) The Building shall be completed by PJ Sentral within 33 months from the Construction Commencement Date (“**Completion Period**”) and vacant possession of the Building shall be handed over to Ambang Hartamas together with the CCC within one (1) month from the expiry of the Completion Period, subject to payment of the full Purchase Consideration, together with interest (if any) in accordance with the provisions of the SPA.

For the purpose of the SPA, the expression “**vacant possession**” shall mean handing over of the Building by PJ Sentral to Ambang Hartamas in accordance with Section 2.7.5(b) above together with water and electricity supply ready for connection and with the CCC issued by the architect. For avoidance of doubt, “**vacant possession**” shall not include or require the strata titles to be issued for the Building.

- (b) Upon receipt by Ambang Hartamas of the written notice from PJ Sentral requesting Ambang Hartamas to take possession of the Building, Ambang Hartamas shall fix an appointment with PJ Sentral to conduct an inspection of the Building jointly with Ambang Hartamas based on the Completion Inspection Checklist on a date to be determined by Ambang Hartamas subject always that the date of the inspection shall not be a date later than 14 business days from the date of the written notice to take possession of the Building.
- (c) Notwithstanding Section 2.7.6(b) above, upon the expiry of 14 business days from the date of a written notice from PJ Sentral requesting Ambang Hartamas to take possession of the Building, whether or not Ambang Hartamas has actually entered into possession or occupation of the Building, Ambang Hartamas shall be deemed to have taken delivery of vacant possession. For the purposes of the SPA, “**Vacant Possession Date**” shall mean the day Ambang Hartamas takes possession of the Building or the day immediately after the expiry of the 14 business day period, whichever is the earlier event.

2.7.7. Late delivery and non-delivery

- (a) In the event PJ Sentral shall fail to complete and deliver vacant possession of the Building to Ambang Hartamas in accordance with Section 2.7.6(a) above, PJ Sentral shall pay to Ambang Hartamas agreed liquidated damages calculated from day-to-day commencing from the expiry of the Completion Period up to the date of PJ Sentral’s written notice requesting Ambang Hartamas to take delivery of vacant possession of the Building, at the rate of RM30,000 per day from the date following the expiry of the Completion Period until the date of PJ Sentral’s written notice requesting Ambang Hartamas to take delivery of vacant possession of the Building. Such agreed liquidated damages shall be paid by PJ Sentral to Ambang Hartamas within 14 business days from the date Ambang Hartamas takes vacant possession of the Building subject to Ambang Hartamas having paid the Purchase Consideration and interest (if any), in full.
- (b) In the event the Building is not completed by PJ Sentral and vacant possession of the Building is not delivered to Ambang Hartamas together with the CCC upon the expiry of 180 days after the Completion Period, Ambang Hartamas shall be entitled at its absolute discretion to terminate the SPA by written notice to PJ Sentral, whereupon the following shall take effect:-
 - (i) Ambang Hartamas shall be entitled to a refund of the Deposit Sum and all other monies paid towards the Purchase Consideration and pursuant to the SPA and the Deed of Mutual Covenants to PJ Sentral within 14 business day of termination of the SPA;
 - (ii) in addition, PJ Sentral shall pay to Ambang Hartamas agreed liquidated damages of the sum equivalent to Ambang Hartamas’ cost to fund the payment of all monies paid by Ambang Hartamas towards the Purchase Consideration and pursuant to the SPA and the Deed of Mutual Covenants (which shall be based on the base lending rate of Malayan Banking Berhad at the material time) within three (3) months of termination of the SPA;
 - (iii) in addition, PJ Sentral shall reimburse Ambang Hartamas its reasonably and actually incurred costs and expenses that shall be supported by original receipts evidencing actual payment made by Ambang Hartamas in connection with the SPA and Ambang Hartamas agrees that the said sum shall be up to and shall in no event exceed RM24,000,000.

Upon satisfaction of Sections 2.7.7(b)(i), (ii) and (iii) above, PJ Sentral shall be free to deal with the Building in such manner as PJ Sentral deems fit and neither Party shall have any claim against the other in respect of the SPA other than for any other antecedent breaches by the Parties.

- (c) Notwithstanding Section 2.7.7(b) above, in the event the Building is not completed by PJ Sentral and vacant possession of the Building is not delivered to Ambang Hartamas together with the CCC upon the expiry of 180 days after the Completion Period due to any forms of construction limitation which delays PJ Sentral's ability to complete and deliver the Building, PJ Sentral shall be entitled at its absolute discretion to terminate the SPA by written notice to Ambang Hartamas whereupon Sections 2.7.7(b)(i), (ii) and (iii) above shall take effect, and PJ Sentral shall be liable to pay the agreed liquidated damages under Section 2.7.7(a) above for a period up to the maximum of 180 days.

2.7.8. Defects liability period

At any time during a period of 18 calendar months after the Vacant Possession Date ("**Defects Liability Period**") any defects or other faults in the Building (save and except for fair wear and tear) which:-

- (i) shall have become apparent in respect of the relevant part of the Building; and
- (ii) are due to defective materials, workmanship or equipment,

Ambang Hartamas shall notify in writing to PJ Sentral and PJ Sentral shall make good such defects or other faults in accordance with the terms of the SPA.

2.7.9. Certificate of completion and compliance

PJ Sentral shall at its cost and expense after completion of the Building, apply to the appropriate authorities for issuance of the CCC in respect of the Building. PJ Sentral shall at its own cost and expense do all acts and things necessary to obtain the CCC in respect of the Building and shall, at its own cost and expense, comply with all the requirements of the appropriate authorities.

2.7.10. NLA of the building and adjustment of the Purchase Consideration

- (a) No discrepancy, error or misstatement as to the area of the Building shall annul the sale of the Building or entitle Ambang Hartamas to be discharged from the purchase of the Building.
- (b) Any discrepancy, error or misstatement as to the area of the Building shall only give Ambang Hartamas an entitlement to an adjustment of the Purchase Consideration in accordance with the provisions of Section 2.7.10(c) below.
- (c) Notwithstanding any provision to the contrary, if upon completion of the Building (which for the purpose of this section shall not require issuance of the CCC in respect of the Building or issuance of the strata title to the Building), the total NLA of the Building is less than 281,455 square feet, there shall be an adjustment of the Purchase Consideration for the difference in excess of 3% of the NLA calculated at the rate of RM850 per square foot. Any payment resulting from the adjustment and required to be paid shall so be paid within seven (7) business days of either Party's written notice to the other of such difference in the NLA and requesting for the amount payable. In the event of any dispute between the Parties as to the NLA and such dispute is not resolved within a period of one (1) month from the date the dispute commenced, the dispute may be referred by either Party to dispute resolution in accordance with the terms of the SPA.

- (d) Neither Party shall be entitled to any adjustment of the Purchase Consideration if the area of the Building as shown in the strata title differs from the area shown in the Building Plan.

3. INFORMATION ON AMBANG HARTAMAS

Ambang Hartamas was incorporated in Malaysia under the Companies Act, 1965 (“Act”) on 12 November 2012 as a private limited company with an authorised capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, while the issued and paid-up capital is RM2.00 comprising 2 ordinary shares of RM1.00 each. Ambang Hartamas is presently dormant. The intended principal activities of Ambang Hartamas is property investment holding.

4. INFORMATION ON THE VENDOR

PJ Sentral was incorporated in Malaysia under the Act on 7 March 2001 as a private limited company. PJ Sentral is principally involved in property development and related activities. As at 12 December 2012, PJ Sentral has an authorised share capital of RM502,000,000.00 comprising 500,000,000 ordinary shares of RM1.00 each and 2,000,000 redeemable preference shares at RM1.00 each (“RPS”) whilst its issued and paid-up share capital is RM194,158,000.00 comprising 194,158,000 ordinary shares of RM1.00 each and RM278,930.00 comprising 278,930 RPS.

The substantial shareholders of PJ Sentral and their respective shareholdings as at 12 December 2012 are as follows:-

Name	<----- Direct ----->		<----- Indirect ----->	
	Number of shares	%	Number of shares	%
Nusa Gapurna Development Sdn Bhd (“NGD”)	135,910,600	70	-	-
PKNS Holdings Sdn Bhd (“PKNS Holdings”)	58,247,400	30	-	-
Employees Provident Fund (“EPF”)	-	-	135,910,600 ⁽¹⁾	70
Gapurna Sdn Bhd (“Gapurna”)	-	-	135,910,600 ⁽¹⁾	70
Datuk Mohamad Salim bin Fateh Din	-	-	135,910,600 ⁽²⁾	70
Datin Yasmin binti Mohamed Ashraff	-	-	135,910,600 ⁽²⁾	70
Perbadanan Kemajuan Negeri Selangor (“PKNS”)	-	-	58,247,400 ⁽³⁾	30

Name	<----- Direct ----->		<----- Indirect ----->	
	Number of RPS	%	Number of RPS	%
NGD	195,251	70	-	-
PKNS Holdings	83,679	30	-	-
EPF	-	-	195,251 ⁽¹⁾	70
Gapurna	-	-	195,251 ⁽¹⁾	70
Datuk Mohamad Salim bin Fateh Din	-	-	195,251 ⁽²⁾	70
Datin Yasmin binti Mohamed Ashraff	-	-	195,251 ⁽²⁾	70
PKNS	-	-	83,679 ⁽³⁾	30

Notes:-

⁽¹⁾ Deemed interested by virtue of their interests in NGD pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of their interests in Gapurna pursuant to Section 6A of the Act.

⁽³⁾ Deemed interested by virtue of their interest in PKNS Holdings pursuant to Section 6A of the Act.

The Directors of PJ Sentral and their respective shareholdings as at 12 December 2012 are as follows:-

Name	<----- Direct ----->		<----- Indirect ----->	
	Number of shares	%	Number of shares	%
Tan Sri Abdul Halim bin Ali	-	-	-	-
Dato' Saw Choo Boon	-	-	-	-
Saidatul Hishan bt Mohammad Salleh	-	-	-	-
Mohamed Azmin bin Ali	-	-	-	-
Datin Paduka Norazlina bt Zakaria	-	-	-	-

5. RATIONALE FOR THE PROPOSED ACQUISITION

The MBSB group of companies (“**MBSB Group**” or “**Group**”) currently has a staff force of approximately 700 employees housed in two (2) office premises located in Damansara Heights, namely Menara MBSB, which is owned by MBSB, and Menara I&P 2, which is rented by MBSB, with a combined NLA of approximately 118,100 square feet. In line with its expansion plans and in view of its increasing number of staff, MBSB has been planning to relocate its business headquarters in order to house all of its subsidiaries under one roof in order to enhance operating efficiencies. The new Building will also house a new and expanded signature branch, an electronic banking customer service area as well as a larger information technology (“**IT**”) data center to cater to the Group’s core banking platform.

The Company had decided that the Proposed Acquisition will allow the Company to own a “Grade A” corporate tower with LEED Gold status, GBI accreditation and MSC compliant, strategically located within the vicinity of the commercial hub of Petaling Jaya. The Company views the Proposed Acquisition as a significant exercise which will create visibility for the Group which in turn is expected to further strengthen and enhance the Group’s corporate image, identity and presence. The Proposed Acquisition will also allow the Group to consolidate and centralise its business units as well as business functions to achieve greater operating efficiencies.

The Proposed Acquisition is also poised as a long-term investment for the Company, of which the future capital appreciation of the Building will act as a natural hedge against inflation.

6. PROPERTY MARKET REVIEW AND FUTURE PROSPECTS

6.1. Overview and outlook of the Malaysian economy

The world economic environment remained challenging in the third quarter of 2012. Growth in the advanced economies was uneven with the US economy experiencing an improvement while several other major advanced economies continued to experience weak growth, constrained by fiscal adjustments, sluggish labour markets and impaired financial intermediation. In Asia, economic activity moderated due mainly to further weakness in external demand arising from the uncertain global environment. Amid the challenging global economic conditions, the Malaysian economy recorded a growth of 5.2% (2Q 12: 5.6%) during the quarter. Growth was affected by slower external demand, which resulted in a further decline in net real exports of goods and services. Domestic demand however, continued to sustain growth, supported by the favourable performance of private consumption and investment activity by both the private and public sectors.

During the quarter, domestic demand expanded by 11.4% (2Q 12: 14.0%). Gross fixed capital formation registered a robust performance (22.7%, 2Q 12: 26.1%), underpinned by capital spending by both the private and public sectors. Private sector investment was driven by capital spending in the services sector, particularly the transportation, real estate and utilities sub-sectors and the ongoing implementation of projects in the oil and gas sector. For public investment, the capital spending by public enterprises was mainly channelled into the transportation, oil and gas and utilities sectors while Federal Government’s development expenditure was mainly channelled into the transportation, education and public utilities sectors.

Domestic demand was also supported by the continued expansion in private consumption which grew by 8.5% (2Q 12: 8.8%), supported by favourable labour market conditions and sustained income growth. In addition, the bonus payment to civil servants, and the second (of three) payout of RM5,000 to FELDA settlers provided further impetus to consumer spending. Public consumption moderated to 2.3% (2Q 12: 10.9%), attributable to lower spending in and supplies and services.

On the supply side, activity in most economic sectors moderated in the third quarter. Growth in the manufacturing sector slowed, weighed down by the weaker external environment while the mining sector contracted due to a sharp decline in natural gas production following a prolonged planned shutdown of several gas facilities for maintenance purposes. In the agriculture sector, growth turned positive in line with the recovery in crude palm oil production. The construction sector continued to record robust growth, while growth in the services sector expanded further, driven by firm domestic demand.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), moderated to 1.4% in the third quarter (2Q 12: 1.7%), reflecting lower inflation in the transport, recreation services and culture and miscellaneous goods and services categories.

Overall domestic financial stability had been preserved throughout the third quarter, supported by strong financial buffers both at the system and at the institutional levels. Financial market conditions continued to remain orderly as volatile portfolio flows were well intermediated by the markets.

Recent economic indicators suggest some stabilisation in global growth going forward. Nevertheless, risks remain arising from continued policy uncertainties in several key economies. In particular, policymakers in these economies face a challenging task of weighing crucial decisions on issues related to fiscal consolidation and key reforms to address the underlying structural weaknesses that impedes economic recovery.

For the Malaysian economy, while the weakness in global economic conditions has affected growth in the third quarter, domestic demand continued to provide support to growth. Going forward, the more challenging international environment would present risks to Malaysia's growth prospects. Nevertheless, domestic demand is expected to continue to be the anchor of growth, supported by the expansion in private consumption and investment. Public spending and investment activity are also expected to lend support to growth.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2012, Bank Negara Malaysia)

6.2. Overview and outlook of the Malaysian property market and construction sector

In terms of demand, the take-up rate of newly launched residential units improved to 17.6% (January – June 2011: 10.3%). Following this, total properties transacted increased 1.1% to 217,160 transactions valued at RM69.1 billion (January – June 2011: 18.2%; RM64.8 billion) with the residential sector accounting for 63% of the total number of transactions and 48% of total value transacted. In tandem with the better performance of new launches, the residential overhang declined 32% with a total value of RM3.8 billion during the first half of 2012 (January – June 2011: -1.4%, RM4.7 billion). Kuala Lumpur continued to record the highest average all-house price at RM491,388 followed by Selangor (RM364,722) and Pulau Pinang (RM261,601). The non-residential subsector grew 12.8% (January – June 2011: 4.2%) largely driven by construction of industrial buildings.

Industrial building starts increased 47.8% to 501 units (January – June 2011: 48%; 339 units). Meanwhile, construction starts for purpose-built office (“PBO”) decreased substantially to 22,758 square meters (sm) (January – June 2011: 281,647 sm) due to higher supply following the completion of several office buildings and shopping malls in 2011. The incoming supply of retail space decreased 36.1%, while construction starts dropped 56.9% during the first half of 2012. Meanwhile, planned supply of PBO and retail space contracted 53.6% and 24.9% (January – June 2011:-14.7%; -9.9%), respectively.

Overall occupancy rate in the various segments of commercial buildings remained steady, reflecting strong domestic economic activities. In the PBO segment, the national PBO occupancy rate remained high at 83.8% (January – June 2011: 83%) despite an additional 120,234 sm of space.

The occupancy rate in shopping complex segment remained high at 80%, reflecting strong retail activities and robust private consumption during the first half of 2012. The newly released Purpose-Built Office Rent Index Wilayah Persekutuan Kuala Lumpur (PBO-RI WPKL) showed that the PBO in Kuala Lumpur continued to experience stable demand despite the increase in supply of floor space. The average rental of PBO in KLCC/ Golden Triangle areas remained firm at RM 4.66 per square foot (psf), while the Central Business District averaged RM 3.27 psf during the fourth quarter of 2011 (Q3 2011: RM 4.68 psf; RM 3.21 psf)

Under the Economic Transformation Programme (“ETP”), several new infrastructure projects have been planned for implementation. Among the construction-based ETP projects are, MY Rapid Transit (“MRT”), River of Life – revitalizing the Klang River, Development of Bukit Bintang City Centre at the previous site of Pudu Jail, Tun Razak Exchange (TRX), Bandar Malaysia, Sungai Besi and Development of Rubber Research Institute of Malaysia land, Sungai Buloh.

The construction sector is envisaged to expand strongly by 11.2% (2012: 15.5%), with all subsectors registering steady growth. The sector is expected to benefit from the acceleration of on-going construction activities, particularly from the ETP and second rolling plan (RP2) construction-related projects. Of significance, exploration activities in oil and gas industries and major projects such as the electrified double-tracking between Ipoh - Padang Besar, East Coast Expressway Phase 2 Jabur – Kuala Terengganu (LPT2 Jabur), MRT and the River of Life are expected to drive the growth of civil engineering subsector. The non-residential subsector is expected to expand spurred by the industrial building segment and the commencement of construction of the TRX. The residential subsector is also projected to expand, albeit at a moderate pace, after recording several years of strong growth. Key housing development projects, particularly in Sungai Buloh and Bandar Malaysia in Sungai Besi, which are expected to commence in 2013, will support residential construction activities.

(Source: Economic Management and Prospects, Economic Report 2012/2013, Ministry of Finance Malaysia)

6.3. Future plans and prospects of the Building

The Building will play a significant role in the expansion plans of the Group to consolidate the various operating units of the Group at a single desirable location. The Building’s LEED Gold status, GBI accreditation and MSC compliant, coupled with its strategic location within the commercial hub of Petaling Jaya next to the Federal Highway would also serve to increase visibility of the MBSB brand and reflect the corporate image, identity and presence of the Group moving forward. The new Building will also house a new and expanded signature branch, an electronic banking customer service area as well as a larger IT data center to cater to its core banking platform.

7. RISK FACTORS

The Proposed Acquisition will expose MBSB to such risks including but not limited to the following:-

7.1 Failure/delay in the completion of the construction and delivery of the Building

The completion of the Proposed Acquisition is conditional upon, *inter-alia*, the conditions precedent of the SPA as stated in Section 2.7.2 above being satisfied and/or waived as the case maybe, the completion of the Building as well as the delivery of vacant possession of the Building together with the valid transfer of legal title of the Building to Ambang Hartamas by the Vendor.

There can be no assurance of the timely completion of the Building by the Vendor and the delivery of vacant possession of the Building by the Vendor in accordance with the SPA, in which case the Ambang Hartamas will either be entitled to terminate the SPA or claim for liquidated damages pursuant to the terms of the SPA.

7.2 Amenities and transportation infrastructure near the Building

The Building will be located in the commercial hub of Petaling Jaya and the proximity of amenities and transportation infrastructure such as light rail transit stations and bus interchanges to the Building provides convenient access to the Building. However, there is no assurance that such amenities and transportation infrastructure will not be closed, terminated or relocated in the future, which would adversely affect the accessibility.

7.3 Compulsory acquisitions by the Government

Under the Land Acquisition Act 1960, the Ruler or Governor of the State has the power to acquire any land, whether in whole or in part, which is needed:-

- (a) for any public purpose;
- (b) by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- (c) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

The amount of compensation awarded may be less than the market price of the Building if they were sold in the open market.

8. FINANCIAL EFFECTS

The proforma financial effects of the Proposed Acquisition are set out below:-

8.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued and paid-up share capital and the shareholding of the substantial shareholders of the Company as it does not involve any issuance of ordinary shares of RM1.00 each in MBSB (“Shares”).

8.2 Net assets (“NA”)

The Proposed Acquisition is not expected to have any material effect on the NA and NA per Share of the MBSB Group.

8.3 Earnings and earnings per Share

The Proposed Acquisition is not expected to have any effect on the earnings per Share for the financial year ending (“FYE”) 31 December 2012. The effects of the Proposed Acquisition on the earnings and consequently earnings per Share of the MBSB Group for the subsequent financial years up to the completion of the Building will depend on the amount paid towards the Purchase Consideration and the prevailing interest rates as the Purchase Consideration shall be partly funded via bank borrowings.

Depending on the actual tenure, interest rates and terms of repayment of the bank borrowings to be secured by the Company to part finance the Purchase Consideration (which has not been determined as at the date of this Announcement) the Proposed Acquisition is expected to contribute positively to the future earnings and earnings per Share of the Group as a result of operational efficiencies and rental savings of the Group.

8.4 Gearing

As the Purchase Consideration is to be paid progressively over the period of construction of the Building, the Proposed Acquisition is not expected to result in any significant and immediate effect on MBSB Group's gearing.

For illustrative purposes, the proforma effect of the Proposed Acquisition on the gearing of the MBSB Group based on the latest consolidated audited financial statements as at 31 December 2011 on the assumption that the Proposed Acquisition had been effected on that date is as follows:-

	Audited as at 31 December 2011 (RM'000)	After the Proposed Acquisition (RM'000)
NA	1,130,149	1,130,149
Total borrowings		
- Bank borrowings	100,044	267,510
- Borrowings via the securitisation of loan assets	451,632	451,632
Gearing ratio (times)	0.49	0.64

9. APPROVALS REQUIRED

The Proposed Acquisition is conditional upon the following approvals:-

- (a) the shareholders of MBSB for the Proposed Acquisition at an EGM to be convened by MBSB;
- (b) the approval of the appropriate authorities for the Building Plans having been obtained by the Vendor; and
- (c) any other appropriate authorities/parties, if required.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or major shareholders of MBSB as well as persons connected with them has any interest, direct or indirect, in the Proposed Acquisition:-

- (i) EPF, by virtue of it being a major shareholder of the Vendor and holding company of MBSB ("**Interested Major Shareholder**");
- (ii) Tan Sri Abdul Halim bin Ali, a Non-Independent Non-Executive Director of MBSB, who is also a director of the Vendor and a director of NGD; and
- (iii) Dato' Shahril Ridza bin Ridzuan, a Non-Independent Non-Executive Director of MBSB, who is also a nominee of EPF.

(Tan Sri Abdul Halim bin Ali and Dato' Shahril Ridza bin Ridzuan are collectively referred to as the "**Interested Directors**").

The shareholdings of the Interested Major Shareholder and Interested Directors in MBSB as at 3 December 2012 are as follows:-

	<----- Direct ----->		<----- Indirect ----->	
	Number of Shares	%	Number of Shares	%
<u>Interested Major Shareholder</u> EPF	796,098,226	64.19	-	-
<u>Interested Directorss</u> Tan Sri Abdul Halim bin Ali	105,714	0.01	-	-
Dato' Shahril Ridza bin Ridzuan	-	-	-	-

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the Board meetings of the Company pertaining to the Proposed Acquisition. The Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in MBSB, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at an EGM to be convened for the Proposed Acquisition. The Interested Directors have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in MBSB, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at an EGM to be convened for the Proposed Acquisition.

In addition, the Interested Major Shareholder will also abstain from voting in respect of their direct and/or indirect shareholdings in MBSB on the resolution pertaining to the Proposed Acquisition to be tabled at the EGM to be convened. The Interested Major Shareholder have undertaken to ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect shareholdings in MBSB, if any, on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

11. PERCENTAGE RATIOS

The highest percentage ratio for the Proposed Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), based on the latest audited consolidated financial statements of MBSB for the financial year ended 31 December 2011, is 21.17%.

12. TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

The Company has not entered into any transaction (not being a transaction within the ordinary course of business) with the Interested Directors and Interested Major Shareholder for the 12 months preceding the date of this Announcement.

13. INDEPENDENT ADVISER

In view of the interests of the Interested Directors and Interested Major Shareholder of MBSB as set out in Section 10 above, the Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 of the MMLR. Accordingly, in compliance with Paragraph 10.08 of the MMLR, AFFIN Investment Bank Berhad has been appointed to act as the Independent Adviser to undertake the following:-

- (i) comment whether the Proposed Acquisition is fair and reasonable insofar as the non-interested shareholders of MBSB are concerned;
- (ii) comment whether the Proposed Acquisition is detrimental to the non-interested shareholders of MBSB; and
- (iii) advise the non-interested shareholders of MBSB whether they should vote in favour of the resolution pertaining to the Proposed Acquisition at the EGM to be convened.

14. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), after having considered all aspects of the Proposed Acquisition and after careful deliberation, is of the opinion that the Proposed Acquisition is in the best interest of the MBSB Group.

The view of the Board (save for the Interested Directors) was arrived at after having considered, *inter-alia*, the terms and conditions of the SPA, the rationale for the Proposed Acquisition, prospects of the Building, the effects of the Proposed Acquisition on MBSB Group and the advice of the Independent Adviser.

In addition, the view of the Board (save for the Interested Directors) was also arrived at after taking into consideration of the fact that the market value of the Building will be appraised by the Valuer and any deviation in the market value of the Building from the Purchase Consideration shall be addressed in accordance with the terms and conditions of the SPA.

15. AUDIT COMMITTEE'S STATEMENT

The Audit Committee (save for Dato' Shahril Ridza bin Ridzuan who is an Interested Director) is of the opinion that the Proposed Acquisition is in the best interest of MBSB and the terms of the Proposed Acquisition are fair, reasonable and on normal commercial terms and hence are not detrimental to the interest of the non-interested shareholders.

The view of the Audit Committee (save for Dato' Shahril Ridza bin Ridzuan who is an Interested Director) was arrived at after having considered, *inter-alia*, the terms and conditions of the SPA, the rationale for the Proposed Acquisition, prospects of the Building, the effects of the Proposed Acquisition on MBSB Group and the advice of the Independent Adviser.

In addition, the view of the Audit Committee (save for Dato' Shahril Ridza bin Ridzuan who is an Interested Director) was also arrived at after taking into consideration of the fact that the market value of the Building will be appraised by the Valuer and any deviation in the market value of the Building from the Purchase Consideration shall be addressed in accordance with the terms and conditions of the SPA.

16. APPLICATIONS TO THE AUTHORITIES

Barring unforeseen circumstances, the Building Plans are targeted to be submitted by the Vendor to the appropriate authorities within three (3) months from the date of this Announcement.

17. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the completion of the construction of the Building and the delivery of vacant possession of the Building is expected to take place by the fourth (4th) quarter of 2016.

18. DOCUMENTS FOR INSPECTION

The SPA is available for inspection at the registered office of MBSB at 11th Floor, Wisma MBSB, 48 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

The Valuer will undertake the Independent Valuation once the approval for the Building Plans has been obtained by the Vendor. An announcement will be made upon submission of the said valuation report to Bursa Securities and the said valuation report will be made available for inspection.

This announcement is dated 12 December 2012.