THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular (as defined herein), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

MMC CORPORATION BERHAD

(Company No.: 30245-H)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

(I) PREVIOUSLY COMPLETED ACQUISITIONS OF:

(A) 73,991,679 ORDINARY SHARES OF RM1.00 EACH IN NCB HOLDINGS BERHAD ("NCB") ("NCB SHARES") FROM MISC BERHAD FOR A CASH CONSIDERATION OF RM221.98 MILLION;

(B) 25,000,000 NCB SHARES FROM LEMBAGA PELABUHAN KELANG (PORT KLANG AUTHORITY) FOR A CASH CONSIDERATION OF RM86.25 MILLION; AND

(C) 42,677,600 NCB SHARES FROM KUMPULAN WANG PERSARAAN (DIPERBADANKAN) FOR A CASH CONSIDERATION OF RM186.50 MILLION,

BY MMC PORT HOLDINGS SDN BHD (FORMERLY KNOWN AS MMC VENTURES SDN BHD) ("MMC PORT"), A WHOLLY-OWNED SUBSIDIARY OF MMC CORPORATION BERHAD ("COMPLETED ACQUISITIONS") (THE INFORMATION DISCLOSED IN RELATION TO THE COMPLETED ACQUISITIONS IS FOR DISCLOSURE PURPOSES ONLY AND NOT SUBJECT TO SHAREHOLDERS' APPROVAL);

(II) PROPOSED ACQUISITION OF A TOTAL OF 251,195,573 NCB SHARES, REPRESENTING APPROXIMATELY 53.42% EQUITY INTEREST IN NCB BY MMC PORT FROM PERMODALAN NASIONAL BERHAD AND AMANAHRAYA TRUSTEES BERHAD, AS TRUSTEE FOR AMANAH SAHAM BUMIPUTERA, AMANAH SAHAM WAWASAN 2020 AND AMANAH SAHAM DIDIK, FOR A TOTAL CASH CONSIDERATION OF RM1,105,260,521.20 OR RM4.40 PER NCB SHARE ("PROPOSED ACQUISITION"); AND

(III) PROPOSED MANDATORY GENERAL OFFER FOR ALL THE REMAINING NCB SHARES NOT ALREADY OWNED BY MMC PORT AFTER THE PROPOSED ACQUISITION FOR A CASH CONSIDERATION OF RM4.40 PER NCB SHARE ("PROPOSED MGO")

PART B

INDEPENDENT ADVICE LETTER BY HONG LEONG INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

RHB Investment Bank Berhad
(Company No.: 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for the Proposed Acquisition

Hong Leong Investment Bank Berhad (10209-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Our Directors will table the resolution pertaining to the Proposed Acquisition and Proposed MGO for your consideration at our Extraordinary General Meeting ("**EGM**") which is to be held at Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 25 November 2015 at 11.00 a.m. or at any adjournment thereof. We have enclosed the Notice of EGM in relation to the Proposed Acquisition and Proposed MGO together with the Proxy Form in this Circular.

You are entitled to attend and vote at our EGM or to appoint a proxy or proxies to attend and vote on your behalf. You should complete and deposit the Proxy Form to our Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the time set for our EGM as indicated below or any adjournment thereof. If you have deposited the Proxy Form, you may also attend and vote in person at our EGM, should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Monday, 23 November 2015 at 11.00 a.m.
Date and time of the EGM	:	Wednesday, 25 November 2015 at 11.00 a.m. or at any adjournment thereof

This Circular is dated 9 November 2015

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ART	:	AmanahRaya Trustees Berhad, as trustee for Amanah Saham Bumiputera, Amanah Saham Wawasan 2020 and Amanah Saham Didik
Board	:	Board of Directors
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Completed Acquisitions	:	Transaction 1, Transaction 2 and Transaction 3, collectively
DBT	:	Direct Business Transaction
Director(s)	:	The Director(s) of our Company and shall have the meaning given in Section 4 of the Act
Distributions	:	Dividend and/or other distributions
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
EV	:	Enterprise value
FPE	:	Financial period ended / ending
FWT	:	Freight weight tonnes
FYE	:	Financial year ended
HLIB or Independent Adviser	:	Hong Leong Investment Bank Berhad
IAL	:	Independent advice letter by HLIB to the Non-Interested Shareholders in relation to the Proposed Acquisition, as set out in **Part B** of this Circular
Interested Director	:	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob
Interested Shareholders	:	PNB and ART
KN	:	Kontena Nasional Berhad

KPM	:	Klang Port Management Sdn Bhd
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, including any amendments and modifications thereto that may be made from time to time
LPD	:	16 October 2015, being the latest practicable date prior to the printing of this Circular
MISC	:	MISC Berhad
MMC or Company	:	MMC Corporation Berhad
MMC Group or Group	:	MMC and its subsidiaries, collectively
MMC Port or Purchaser	:	MMC Port Holdings Sdn Bhd (formerly known as MMC Ventures Sdn Bhd)
MMC Share(s)	:	Ordinary shares of RM0.10 each in MMC
NA	:	Net assets
NCB	:	NCB Holdings Berhad
NCB Group	:	NCB and its subsidiaries, collectively
NCB Share(s)	:	Ordinary shares of RM1.00 each in NCB
Non-Interested Directors	:	Directors of MMC other than the Interested Director
Non-Interested Shareholders	:	Shareholders of MMC other than PNB and ART
Northport	:	Northport (Malaysia) Bhd
Notice	:	The notice of the Proposed MGO to be served by MMC Port to the Board of Directors of NCB in accordance with Section 11(8) of the Code
Offer Shares	:	All the remaining NCB Shares not already owned by MMC Port after the Proposed Acquisition
PB	:	Price-to-book
PE	:	Price-to-earnings
PKA	:	Lembaga Pelabuhan Kelang (Port Klang Authority)
PNB	:	Permodalan Nasional Berhad
Proposals	:	The Proposed Acquisition and the Proposed MGO, collectively
Proposed Acquisition	:	Proposed acquisition of a total of 251,195,573 NCB Shares, representing approximately 53.42% equity interest in NCB by MMC Port from PNB and ART for a total cash consideration of RM1,105,260,521.20 or RM4.40 per NCB Share

Proposed MGO	:	Proposed mandatory general offer for all the remaining NCB Shares not already owned by MMC Port after the Proposed Acquisition for a cash consideration of RM4.40 per NCB Share
Purchase Consideration	:	A cash consideration of RM1,105,260,521.20 or RM4.40 per NCB Share for the Proposed Acquisition
Purchase Shares	:	251,195,573 NCB Shares which is the subject of the Proposed Acquisition
Record of Depositors	:	A record of securities holders provided by Bursa Depository pursuant to the Rules of Bursa Depository
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
Rules of Bursa Securities	:	The rules of the Bursa Securities, last updated 1 June 2015
SC	:	Securities Commission of Malaysia
SPA	:	Conditional sale of shares agreement dated 19 October 2015 between the Vendors and MMC Port and our Company in relation to the Proposed Acquisition
TEU(s)	:	Twenty-foot equivalent unit
Transaction 1	:	Acquisition of 73,991,679 NCB Shares representing approximately 15.73% equity interest in NCB by MMC Port from MISC for a cash consideration of RM221.98 million or RM3.00 per NCB Share, which was completed on 2 December 2014
Transaction 2	:	Acquisition of 25,000,000 NCB Shares representing approximately 5.32% equity interest in NCB by MMC Port from PKA for a cash consideration of RM86.25 million or RM3.45 per NCB Share, which was completed on 19 June 2015
Transaction 3	:	Acquisition of 42,677,600 NCB Shares representing approximately 9.08% equity interest in NCB by MMC Port from KWAP for a cash consideration of RM186.50 million or RM4.37 per NCB Share, which was completed on 21 July 2015
Vendors	:	PNB and ART, collectively
VWAP	:	Volume weighted average price

Currencies

HKD	:	Hong Kong Dollars
KRW	:	Korean Won
NZD	:	New Zealand Dollar
PHP	:	Philippine Peso
RM and Sen	:	Ringgit Malaysia and Sen, respectively
RMB	:	Renminbi
USD	:	United States Dollar

All references to “our Company” in this Circular are to MMC and references to “our Group” are to the MMC Group. All references to “we”, “us” and “our” in this Circular are to MMC and where the context requires, shall include our subsidiaries.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Circular is a reference to that enactment as amended or re-enacted from time to time.

Any reference to a time of day and date in this Circular shall be reference to Malaysian Standard Time and date respectively, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved.

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PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE COMPLETED ACQUISITIONS AND THE PROPOSALS

MMC CORPORATION BERHAD
(Company No. 30245-H)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Ground Floor
Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur
Malaysia

9 November 2015

Board of Directors:

Tan Sri Dato' Seri Shamsul Azhar Abbas *(Independent Non-Executive Chairman)*
Dato' Sri Che Khalib Mohamad Noh *(Group Managing Director)*
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob *(Non-Independent Non-Executive Director)*
Datuk Mohd Sidik Shaik Osman *(Non-Independent Non-Executive Director)*
Dato' Abdullah Mohd Yusof *(Senior Independent Non-Executive Director)*
Datuk Ooi Teik Huat *(Independent Non-Executive Director)*
Dato' Abdul Hamid Sh Mohamed *(Independent Non-Executive Director)*
Dato' Siti Halimah Ismail *(Independent Non-Executive Director)*
Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar *(Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

(I) PROPOSED ACQUISITION; AND

(II) PROPOSED MGO

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1. INTRODUCTION

On behalf of our Board, RHB Investment Bank had on 19 October 2015 announced that MMC and its wholly-owned subsidiary, MMC Port had, on even date, entered into the SPA with the Vendors whereby MMC Port agrees to acquire a total of 251,195,573 NCB Shares, representing approximately 53.42% equity interest in NCB, for the Purchase Consideration ("**Announcement**").

The Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Please refer to Section 11 below for the details on the interests of directors, major shareholders and/or persons connected with them.

As the Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, HLIB has been appointed on 19 October 2015 by our Company to act as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Shareholders in relation to the Proposed Acquisition.

Upon completion of the Proposed Acquisition, MMC Port's shareholding in NCB will increase from 30.13% to approximately 83.55%. Accordingly, pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code, MMC Port will be obliged to extend a mandatory general offer for all the remaining NCB Shares not already owned by MMC Port.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSALS TOGETHER WITH THE RECOMMENDATION FROM OUR BOARD (SAVE FOR THE INTERESTED DIRECTOR) AND TO SEEK YOUR APPROVAL (OTHER THAN THE INTERESTED SHAREHOLDERS) ON THE ORDINARY RESOLUTION TO BE TABLED BY WAY OF POLL AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR AND IAL BEFORE VOTING ON THE ORDINARY RESOLUTION TO BE TABLED BY WAY OF POLL AT OUR FORTHCOMING EGM. YOU SHOULD CONSIDER THE RECOMMENDATION OF THE INDEPENDENT ADVISER AS SET OUT IN PART B OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION TO BE TABLED BY WAY OF POLL AT OUR FORTHCOMING EGM.

2. DETAILS OF THE COMPLETED ACQUISITIONS AND THE PROPOSALS

2.1 Details of the Completed Acquisitions

The Proposed Acquisition represents the latest corporate exercise involving the acquisition of NCB Shares by MMC Port. Previously, MMC Port had acquired in aggregate 30.13% equity interest in NCB in the following sequence of transactions:

(i) On 27 November 2014, MMC had announced that its wholly-owned subsidiary, MMC Port had entered into an agreement for the sale and purchase of shares with MISC for the acquisition of 73,991,679 NCB Shares representing approximately 15.73% equity interest in NCB for a cash consideration of RM221.98 million or RM3.00 per NCB Share. The transaction was completed on 2 December 2014 upon payment of the cash consideration;

(ii) On 19 June 2015, MMC Port completed the acquisition of 25,000,000 NCB Shares representing approximately 5.32% equity interest in NCB from PKA for a cash consideration of RM86.25 million or RM3.45 per NCB Share. The transaction was completed upon payment of the cash consideration; and

(iii) On 15 July 2015, MMC had announced that its wholly-owned subsidiary, MMC Port had entered into an agreement for the sale and purchase of shares with KWAP for the acquisition of 42,677,600 NCB Shares representing approximately 9.08% equity interest in NCB for a cash consideration of RM186.50 million or RM4.37 per NCB Share. The transaction was completed on 21 July 2015 upon payment of the cash consideration.

The above transactions were executed via an off-market DBT in accordance with the Rules of Bursa Securities and were funded by internally generated funds.

Following the completion of the above transactions, MMC Port holds 30.13% equity interest in NCB.

2.1.1 Basis of determining the purchase consideration for the Completed Acquisitions

The purchase consideration for the Completed Acquisitions was arrived at on a 'willing-buyer willing-seller' basis after taking into consideration, among others, the potential benefits that may accrue from the Completed Acquisitions, details of which are set out in Section 6 below.

2.1.2 Liabilities to be assumed arising from the Completed Acquisitions

There were no liabilities, including contingent liabilities and guarantees, to be assumed by MMC Port pursuant to the Completed Acquisitions.

2.1.3 Additional financial commitment required arising from the Completed Acquisitions

Save for the purchase consideration for the Completed Acquisitions, there were no additional financial commitments required of MMC Port to put the business of the NCB Group on-stream. The NCB Group has an on-going business and NCB is currently listed on the Main Market of Bursa Securities.

2.1.4 Information on MISC

MISC, incorporated on 6 November 1968, is an international shipping and maritime conglomerate. The principal businesses of MISC consist of shipping and its related activities, owning and operating offshore floating solutions, marine repair and conversion, engineering and construction works, maritime education and training, as well as owning tank terminals.

(Source: MISC's annual report for the FYE 31 December 2014)

2.1.5 Information on PKA

PKA is a statutory corporation established on 1 July 1963, to take over the administration of Port Klang from the Malayan Railway Administration. In 1986, the container terminal facilities operated by PKA was privatised to Northport.

The core functions of PKA are as follows:

(i) Trade facilitation;

(ii) Port planning and development;

(iii) Regulatory oversight of privatised facilities and services;

(iv) Free zone authority; and

(v) Asset management.

(Source: PKA's annual report for the FYE 31 December 2013)

2.1.6 Information on KWAP

KWAP was established in Malaysia on 1 March 2007 under the Retirement Fund Act, 2007 (Act 662) replacing the repealed Pensions Trust Fund Act, 1991 (Act 454). With the incorporation of KWAP, all powers, functions, activities, assets and liabilities of the Pension Trust Fund were taken over in totality by KWAP.

The objective of KWAP is to manage the fund established under Section 13 of Retirement Fund Act 2007 (Act 662) (the "**Fund**") towards achieving optimum returns on its investments. The Fund shall be applied towards assisting the Federal Government in financing its pension liability.

The functions of KWAP are as follows:

(i) Management of contributions from the Federal Government, statutory bodies, local authorities and other agencies; and

(ii) Administration, management and investment of the Fund in equity, fixed income securities, money market instruments and other forms of investments as permitted under the Retirement Fund Act 2007 (Act 662).

(Source: KWAP's annual report for the FYE 31 December 2013)

2.2 Details of the Proposed Acquisition

2.2.1 Background information

The Proposed Acquisition entails the acquisition by MMC Port of the Purchase Shares from the Vendors at the Purchase Consideration to be satisfied entirely in cash.

The Proposed Acquisition is subject to the terms and conditions of the SPA.

2.2.2 Salient terms of the SPA

(a) Sale and purchase of the securities

(i) Subject to the terms of the SPA, the Purchaser shall purchase, and the Vendors shall jointly and severally sell the Purchase Shares free of any encumbrance to the Purchaser, at the Purchase Consideration.

(ii) Upon execution of the SPA, the Purchaser shall pay a sum of RM110,526,052.12 constituting 10% of the Purchase Consideration ("**Deposit**")* to RHB Trustees Berhad ("**Stakeholder**") as stakeholder to deal with the Deposit in the manner and in accordance with the terms set out in the SPA. The Deposit shall be treated as part payment of the Purchase Consideration in accordance with the terms of the SPA.

Note:

* *The Deposit was paid through MMC Port's bank borrowings on 19 October 2015.*

(b) Condition Precedent

The SPA is conditional upon and subject to the approval of the shareholders of MMC in a general meeting approving the Proposed Acquisition on the terms contained therein ("**Condition Precedent**"), being obtained by MMC on or before the expiry of three (3) months from the date of the SPA or such later date as the parties may mutually agree in writing.

The obligations of the parties to complete the sale and purchase of the Purchase Shares shall become unconditional on the date when the Condition Precedent has been fulfilled ("**Unconditional Date**").

(c) Completion

The parties agree that the SPA shall be completed as follows:

(i) The sale and purchase of the Purchase Shares shall be completed by way of a DBT in accordance with the Rules of Bursa Securities and in accordance with the provisions of the SPA.

(ii) The parties shall within three (3) business days after the Unconditional Date notify the Stakeholder in writing to release the Deposit to the Purchaser's stockbroker by no later than 11.00 a.m. on a date which falls five (5) business days after the Unconditional Date or such other date as the parties may mutually agree in writing ("**Pre-Completion Date**") in the manner set out in Section 2.2.2(c)(iii)(3) below. The Purchaser shall at the same time issue written instructions to its stockbroker to apply the Deposit received by its stockbroker from the Stakeholder in part payment of the Purchase Consideration on the Pre-Completion Date.

(iii) All of the following business shall be transacted on the Pre-Completion Date:

(1) the Vendors, by no later than 11.00 a.m., shall:

(A) issue same day irrevocable written instructions to their stockbroker(s) to execute sale contracts to effect the transfer of the Purchase Shares to the Purchaser's securities account; and

(B) procure their stockbroker(s) to report the transactions as a DBT in accordance with Rule 10.06 of the Rules of Bursa Securities;

(2) the Purchaser, by no later than 11.00 a.m., shall:

(A) issue same day irrevocable written instructions to its stockbroker to execute purchase contracts to effect the transfer of the Purchase Shares to the Purchaser's securities account; and

(B) procure its stockbroker to report the purchase of the Purchase Shares as a DBT in accordance with Rule 10.06 of the Rules of Bursa Securities; and

(3) the Stakeholder, by no later than 11.00 a.m., shall release the Deposit to the Purchaser’s stockbroker.

(iv) The Purchaser shall make sufficient funds available to its stockbroker by no later than 11.00 a.m. on the Pre-Completion Date to enable the balance of the Purchase Consideration amounting to RM994,734,469.08 to be paid to the Vendors' stockbroker(s) at completion and simultaneously, the Stakeholder shall release the Deposit to the Purchaser’s stockbroker in accordance with Section 2.2.2(c)(iii)(3) above. Subject to completion of the sale and purchase of the Purchase Shares in accordance with the terms of the SPA, the profit accrued on the Deposit shall be released by the Stakeholder to the Purchaser upon receipt of a written instruction from the parties, the instruction of which shall be similar in the format to be mutually agreed by the parties and may be signed in counterparts by the parties.

(v) Completion of the sale and purchase of the Purchase Shares shall be deemed to occur three (3) business days after the Pre-Completion Date at the time the Purchaser's securities account is credited with the Purchase Shares and the Vendors' stockbroker's account has been credited with the Purchase Consideration.

(vi) The parties shall not be obliged to complete the sale and purchase of the Purchase Shares unless the sale and purchase of all the Purchase Shares are completed simultaneously.

(d) Termination

(i) The Purchaser, MMC or any of the Vendors (the “**Non-Defaulting Party**”) may prior to the transactions referred to in Section 2.2.2(c)(iii) above being carried out on the Pre-Completion Date, terminate the SPA by giving immediate written notice to the other party, being the other Vendors or the Purchaser as the case may be (the “**Defaulting Party**”), upon any breach by the Defaulting Party of its obligations thereunder and such breach, if capable of remedy, is not cured within a period of one (1) business day after the Defaulting Party’s receipt of notice from the Non-Defaulting Party requesting it be remedied.

(ii) If the SPA is terminated by any of the Vendors pursuant to Section 2.2.2(d)(i) above, the Deposit shall be absolutely forfeited to the Vendors as agreed liquidated damages in consequence of the Purchaser's breach of its obligations under the SPA, whereupon the parties shall immediately instruct the Stakeholder in writing, the instruction of which shall be similar in the format to be mutually agreed by the parties and may be signed in counterparts by the parties, to immediately release and pay the respective portion of the Deposit as stipulated in the SPA together with all profit accrued thereon to each Vendor.

(iii) If the SPA is terminated by the Purchaser pursuant to Section 2.2.2(d)(i) above, upon such termination, the parties shall immediately instruct the Stakeholder in writing, the instruction of which shall be similar in the format to be mutually agreed by the parties and may be signed in counterparts by the parties, to refund the Deposit together with all profit accrued thereon to the Purchaser and the Vendors shall be liable to pay a sum equivalent to the Deposit as agreed liquidated damages to the Purchaser within seven (7) business days from the date of such termination, failing which the Vendors shall be further liable to pay late payment interest based on the prevailing fixed deposit rate published by Malayan Banking Berhad from time to time calculated on daily basis from the due date of payment to the date of actual payment thereof.

(iv) Neither party may terminate the SPA after the transactions referred to in Section 2.2.2(c)(iii) above have been carried out by the parties but the inability to terminate the SPA shall be without prejudice to the Non-Defaulting Party's right to recover damages for any antecedent breach of the Defaulting Party.

2.2.3 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:

(i) the historical and prevailing market prices of NCB Shares;

(ii) audited consolidated NA of NCB and NA per NCB Share attributable to equity holders as at 31 December 2014 of approximately RM1.40 billion and RM2.99 respectively;

(iii) the consolidated EBITDA of NCB as at 31 December 2014 of RM122.90 million; and

(iv) the potential benefits to accrue from the Proposed Acquisition, details of which are set out in Section 6 below.

The Purchase Consideration represents the following:

(i) premium of approximately 1.38%, 2.56%, 6.28% and 18.60% over the 5-day, 1-month, 3-month and 6-month VWAP of NCB Shares up to and including 16 October 2015, being the last trading day prior to the Announcement of RM4.34, RM4.29, RM4.14 and RM3.71 respectively;

(ii) implied PB multiple of 1.47 times based on the audited consolidated NA of NCB as at 31 December 2014; and

(iii) implied EV/EBITDA multiple of 17.84 times based on the audited consolidated financial results of NCB as at 31 December 2014.

In justifying the Purchase Consideration, we have considered the following:

2.2.3.1 Precedent take-over transactions

Based on precedent take-over transactions for the past two (2) years up to and including the last trading day where the offeror holds less than 50% in the offeree company prior to undertaking the respective take-over offer and does not intend to maintain the listing status of the target company, the premium represented by the Purchase Consideration falls within the range of the premiums offered based on the 5-day, 1-month, 3-month and 6-month VWAP of the offeree companies' shares.

Target company	Announcement date	Offer price (RM)	Premium based on last closing price* (RM)	Premium/ (Discount) (%)	Premium based on 5-day VWAP* (RM)	Premium/ (Discount) (%)	Premium based on 1-month VWAP* (RM)	Premium/ (Discount) (%)	Premium based on 3-month VWAP* (RM)	Premium/ (Discount) (%)	Premium based on 6-month VWAP* (RM)	Premium/ (Discount) (%)
Super Enterprise Holdings Berhad	17 June 2015	3.80	0.60	18.75	0.66	21.02	0.81	27.09	0.89	30.58	1.00	35.71
The Nomad Group Bhd	2 March 2015	2.50	0.18	7.76	0.18	7.76	0.20	8.70	0.20	8.70	(0.23)	(8.42)
Integrax Berhad	9 January 2015	3.25	0.99	43.80	0.99	43.80	0.99	43.80	1.02	45.70	1.00	44.40
Lay Hong Berhad	24 September 2014	3.50	0.84	31.58	0.98	38.89	1.06	43.44	1.06	43.44	1.38	65.09
Help International Corporation Berhad	5 December 2013	2.53	0.240	10.48	0.246	10.77	0.371	17.18	0.400	18.78	0.474	23.05
Unico-Desa Plantations Berhad	2 October 2013	1.17	(0.01)	(0.85)	(0.05)	(4.10)	(0.09)	(7.14)	(0.04)	(3.31)	(0.02)	(1.68)
Versatile Creative Berhad	23 September 2013	0.50	0.040	8.70	0.061	13.83	0.081	19.44	0.086	20.78	0.141	39.36
Ogawa World Berhad	9 September 2013	1.05	0.19	22.09	0.24	29.63	0.34	47.89	0.39	59.09	0.47	81.03
Low				(0.85)		(4.10)		(7.14)		(3.31)		(1.68)
High				43.80		43.80		47.89		59.09		81.03
Average				17.79		20.20		25.05		27.97		34.82
NCB	19 October 2015	4.40	-	-	0.06	1.38	0.11	2.56	0.26	6.28	0.69	18.60

Note:

* *Up to the last trading day prior to the announcement.*

2.2.3.2 Selected Comparable Companies

The NCB Group, through its subsidiaries, is principally involved in providing services to the transport and logistics sectors as well as port operations in Malaysia. There are no companies that are directly comparable to NCB in terms of composition of business, scale of operations, track record, marketability and liquidity of the shares, future prospects, risk profile and other criteria. However, for illustrative purposes only, the following companies, which have similar core business as NCB, have been selected as comparable companies to NCB ("**Selected Comparable Companies**"):

Company	**Principal activities**	**FYE**	**Last closing price as at the LPD**	**Market capitalisation as at the LPD[(1)]**	**NA per share[(2)]**	**EV[(3)]**	**EBITDA[(2)]**	**PB multiple[(4)]**	**EV/ EBITDA multiple[(5)]**
			(RM)[(6)]	**(RM'million)[(6)]**	**(RM)[(7)]**	**(RM'million)[(8)]**	**(RM'million)[(7)]**	**(times)**	**(times)**
Bintulu Port Holdings Berhad	Bintulu Port Holdings Berhad provides port services at the Bintulu Port in Malaysia. The company operates in two segments, port operations and bulking services.	31 December 2014	6.90	3,174.00	2.40	3,702.70	353.70	2.88	10.47
COSCO Pacific Ltd	COSCO Pacific Limited, an investment holding company, engages in managing and operating terminals and container leasing, management and sale, and related businesses.	31 December 2014	5.41	15,907.56	5.64	19,956.31	1,540.54	0.96	12.95
DP World Limited	DP World Limited, together with its subsidiaries, engages in the business of international marine terminal operations and development, logistics, and related services in the Asia Pacific, India, Australia, the Americas, the Middle East, Europe, and Africa.	31 December 2014	88.81	73,712.30	35.80	83,017.19	5,134.26	2.48	16.17
Hanjin Shipping Co., Ltd	Hanjin Shipping Co., Ltd. provides logistics services worldwide.	31 December 2014	19.93	3,758.80	12.38	22,533.26	1,384.69	1.61	16.27
Hutchison Port Holdings Trust	Hutchison Port Holdings Trust invests in, develops, operates, and manages deep-water container ports in Guangdong Province of the People's Republic of China, as well as in Hong Kong and Macau.	31 December 2014	2.36	20,558.20	2.29	40,842.16	3,106.38	1.03	13.15

Company	Principal activities	FYE	Last closing price as at the LPD (RM)[6]	Market capitalisation as at the LPD[1] (RM'million)[6]	NA per share[2] (RM)[7]	EV[3] (RM'million)[8]	EBITDA[2] (RM'million)[7]	PB multiple[4] (times)	EV/ EBITDA multiple[5] (times)
International Container Terminal Services Inc.	International Container Terminal Services, Inc., together with its subsidiaries, acquires, develops, manages, and operates container ports and terminals for shipping lines, cargo owners, and port users.	31 December 2014	7.08	14,415.59	2.26	18,028.60	1,530.59	3.13	11.78
Port of Tauranga Ltd	Port of Tauranga Limited operates and manages the Port of Tauranga in New Zealand.	30 June 2015	47.97	6,528.72	16.65	7,354.23	340.11	2.88	21.62
Shanghai International Port (Group) Co., Ltd.	Shanghai International Port (Group) Co., Ltd. engages in the operation of port and related businesses in China.	31 December 2014	5.01	114,003.55	1.35	124,326.05	6,242.25	3.71	19.92
Westports Holdings Berhad	Westports Holdings Berhad, an investment holding company, engages in port development and management of port operations.	31 December 2014	4.29	14,628.90	0.52	15,334.30	824.00	8.25	18.61
							High	8.25	21.62
							Low	0.96	10.47
							Average	2.99	15.66
NCB	The principal activities of NCB are investment holding and the provision of management services to its subsidiaries. The two (2) major business segments of the NCB Group are port operations and logistic operations.	31 December 2014	4.40	2,069.11	2.99	2,193.01[9]	122.90	1.47[10]	17.84

Notes:

(1) Computed by multiplying the total issued and paid-up share capital of each company as at the latest FYE available with the last closing market price as at the LPD.

(2) Based on Bloomberg as of the latest FYE for the respective companies.

(3) EV = Market capitalisation + preferred equity + non-controlling interests + total borrowings – cash and cash equivalents. The total borrowings and cash and cash equivalents are based on Bloomberg as of the latest FYE for the respective companies.

(4) PB multiple = Last closing price as at the LPD divided by NA per share based on Bloomberg as of the latest FYE for the respective companies.

(5) EV/EBITDA multiple = EV divided by EBITDA.

(6) Where applicable, converted at an exchange rate of HKD100:RM53.9287, USD1:RM4.1795, KRW100:RM0.3691, PHP100:RM9.0731, NZD1:RM2.8416 or RMB1:RM0.6579 , being the middle rate quoted by BNM as at 5.00 p.m. on LPD.

(7) Where applicable, converted at an exchange rate of HKD100:RM45.0847, USD1:RM3.4965, KRW100:RM0.3212, PHP100:RM7.8012, NZD1:RM2.5534 or RMB1:RM0.5634, being the middle rate quoted by BNM at 5.00 p.m. as at the latest FYE for the respective companies.

(8) Where applicable, market capitalisation was converted at an exchange rate of HKD100:RM53.9287, USD1:RM4.1795, KRW100:RM0.3691, PHP100:RM9.0731, NZD1:RM2.8416 or RMB1:RM0.6579, being the middle rate quoted by BNM as at 5.00 p.m. on LPD while debt and cash and cash equivalents were converted at an exchange rate of HKD100:RM45.0847, USD1:RM3.4965, KRW100:RM0.3212, PHP100:RM7.8012, NZD1:RM2.5534 or RMB1:RM0.5634, being the middle rate quoted by BNM at 5.00 p.m. as at the latest FYE for the respective companies.

(9) EV = (RM4.40 multiply by the total issued and paid-up share capital of NCB as at 31 December 2014) + preferred equity + non-controlling interests + total borrowings – cash and cash equivalents. The total borrowings and cash and cash equivalents are based on the audited consolidated financial statements of NCB for the FYE 31 December 2014.

(10) Based on the Purchase Consideration where the NA is based on the audited consolidated financial statements of NCB for the FYE 31 December 2014.

Based on the table above, we note that the Purchase Consideration translates into:

(i) a PB multiple of 1.47 times, which is within the range of PB multiples of the Selected Comparable Companies of 0.96 times to 8.25 times; and

(ii) an EV/EBITDA multiple of 17.84 times, which is within the range of EV/EBITDA multiples of the Selected Comparable Companies of 10.47 times to 21.62 times.

We have not computed the PE multiple in the table above in view that the NCB Group recorded a 46.0% decrease in profit after tax to approximately RM27.9 million for the FYE 31 December 2014 from approximately RM51.7 million in the previous financial year mainly attributable to the substantial loss incurred by the company's logistics business division. Please refer to Section 6 of **Appendix I** of this Circular for further details.

2.2.4 Mode of settlement

The Purchase Consideration will be satisfied entirely by cash in the following manner in accordance with the SPA:

Vendors	**Purchase Consideration RM**
PNB	15,415,281.20
ART	1,089,845,240.00
Total	**1,105,260,521.20**

2.3 Proposed MGO

Upon completion of the Proposed Acquisition, MMC Port will hold 392,864,852 NCB Shares, representing approximately 83.55% of the equity interest in NCB.

As the shareholdings of MMC Port in NCB will increase from 30.13% to 83.55% following completion of the Proposed Acquisition, MMC Port will be obliged to extend a mandatory general offer to acquire all the remaining 77,387,856 NCB Shares not already held by MMC Port, representing approximately 16.45% of the equity interest in NCB, at an offer price of RM4.40 per NCB Share to be satisfied by cash. MMC Port will serve the Notice to the Board of Directors of NCB once the SPA becomes unconditional.

The offer price of RM4.40 per NCB Share is equivalent to the Purchase Consideration per NCB Share, which was arrived at on a willing buyer-willing seller basis, after taking into consideration the basis and justification of arriving at the Purchase Consideration as set out in Section 2.2.3 above. The offer price of RM4.40 per NCB Share is also higher than the transacted prices paid by MMC Port for NCB Shares for the past six (6) months period prior to the Announcement.

Notwithstanding the above, if NCB declares and pays any Distributions to its shareholders whereby the entitlement date for such Distributions is after 19 October 2015, being the date of the Announcement but before the closing date of the Proposed MGO (save for the previous Distributions which were announced by NCB before the date of the Announcement), MMC Port will reduce the consideration for each NCB Share by the quantum of the net Distributions per NCB Share which such shareholder is entitled to retain. For the avoidance of doubt, no adjustment shall be made to the consideration in the event that the entitlement date for the Distributions is after the closing date of the Proposed MGO.

If the Proposed MGO has been accepted by the holders of the Offer Shares of not less than nine-tenths (9/10) in the nominal value of the Offer Shares, MMC Port intends to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received prior to the closing date of the Proposed MGO.

Upon completion of the Proposed MGO, MMC Port does not intend to maintain the listing status of NCB on the Main Market of Bursa Securities.

2.4 Liabilities to be assumed arising from the Proposals

There are no liabilities, including contingent liabilities and guarantees, to be assumed by MMC Port pursuant to the Proposals.

All existing liabilities of the NCB Group will be settled by the NCB Group in its ordinary course of business.

2.5 Additional financial commitment required arising from the Proposals

Save for the Purchase Consideration as well as the maximum consideration for the Proposed MGO of RM340,506,566.40, there are no additional financial commitments required of MMC Port to put the business of the NCB Group on-stream. The NCB Group has an on-going business and NCB is currently listed on the Main Market of Bursa Securities.

2.6 Source of funding

The Proposals will be fully funded via bank borrowings.

The total bank borrowings of our Group as at the LPD amounted to RM7.28 billion.

3. INFORMATION ON NCB

NCB was incorporated on 8 January 1999 and was restructured in August 2000 under Sections 64 and 176 of the Act involving Northport, KPM and KN. Under this exercise, Northport and KN became wholly-owned subsidiaries of NCB while KPM became a wholly-owned subsidiary of Northport.

(Source: Northport's website and NCB's annual report for the FYE 31 December 2014)

The principal activities of NCB are investment holding and the provision of management services to its subsidiaries. The two (2) major business segments of the NCB Group are port operations and logistic operations. The port operations segment engages in the management of port activities which comprises the provision of container handling services, storage, stevedoring and other ancillary services. The logistics operations segment is involved in the haulage of containers, warehousing and provision of freight forwarding services which covers four main regions in Malaysia namely Klang Valley, Penang, Johor and Kuantan.

NCB through its wholly-owned subsidiary, Northport, operates two (2) ports namely North Port and Southpoint in Port Klang, Malaysia.

As at the LPD, the authorised share capital of NCB is RM1.0 billion comprising 1.0 billion NCB Shares, of which RM470,252,708 comprising 470,252,708 NCB Shares have been issued and fully paid-up.

The audited consolidated NA attributable to equity holders as at 31 December 2014 and audited consolidated profit after tax attributable to the equity holders for the FYE 31 December 2014 of NCB are RM1.4 billion and RM27.9 million, respectively.

(Source: NCB's annual report for the FYE 31 December 2013 and 2014)

Further details of NCB are set out in **Appendix I** of this Circular.

4. INFORMATION ON THE VENDORS

4.1 PNB

PNB was incorporated in Malaysia on 17 March 1978 under the Act. PNB is principally involved in the acquisition and holding of shares to promote greater ownership of share capital in the corporate sector in Malaysia by Bumiputras. The principal activities of PNB are investment holding and providing management consulting services. The substantial shareholder of PNB is Yayasan Pelaburan Bumiputra.

(Source: PNB's website)

4.2 ART

ART was incorporated in Malaysia under the Act on 23 March 2007, and registered as a trust company under the Trust Companies Act, 1949 on 7 August 2007. It has been registered as an eligible trust corporation to act as trustee to unit trust schemes, private debt securities and private retirement schemes by the SC on 6 November 2007, 29 November 2007 and 22 June 2012 respectively. ART is wholly-owned by Amanah Raya Berhad with a paid-up capital of RM1.0 million.

(Source: ART's website)

5. RATIONALE OF THE COMPLETED ACQUISITIONS AND THE PROPOSALS

5.1 The Completed Acquisitions and the Proposed Acquisition

The Completed Acquisitions and the Proposed Acquisition are in line with the initiative of our Board to make further strategic investment in our core business of ports and logistics division, to strengthen the financial position of our Group. Our Group expects the Completed Acquisitions and the Proposed Acquisition to contribute positively to our future earnings and will help in maintaining our position as a key player in the ports industry in Malaysia as well as providing a good opportunity for our Group to further strengthen our foothold in NCB, an established company in the port industry.

The Completed Acquisitions and the Proposed Acquisition are strategic as we expand our presence in the port business from the south to the west of Peninsular Malaysia. In addition, through the Proposed Acquisition, our Group may be able to capture operational and cost synergies, which would further enhance the financial performance of our ports and logistics business division.

5.2 Proposed MGO

Upon completion of the Proposed Acquisition, MMC Port will hold 392,864,852 NCB Shares, representing approximately 83.55% of the equity interest in NCB. As the shareholdings of MMC Port in NCB will increase from 30.13% to 83.55% following the completion of the Proposed Acquisition, MMC Port will be obliged to undertake the Proposed MGO pursuant to Section 218(2) of the CMSA and Section 9(1)(a), Part III of the Code. The Proposed MGO provides opportunities for MMC Port to further increase its shareholdings in NCB after the Proposed Acquisition.

Premised on the above, the potential growth of the NCB Group's underlying businesses is expected to contribute positively to our enlarged Group in the long run.

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6. PROSPECTS OF THE NCB GROUP

Since its incorporation on 8 January 1999, NCB has been the holding company of a maritime terminal group providing services in the port and logistic operations in Malaysia. NCB plays a major role in ensuring the efficiency of the movement of cargo in the country through its two (2) wholly-owned subsidiaries, Northport and KN.

(i) Northport

North Port, situated at Port Klang, Malaysia is owned, operated and managed by Northport. With a historical tradition dating back more than 100 years, North Port plays an important role in the development of the Malaysian economy and in its global outreach in the country's growing international trade. North Port is linked to many ports worldwide which are served by major shipping lines including several world-ranking container liner operators offering comprehensive ranges of shipping services in the region. North Port covers approximately 648.9 acres consisting of four (4) container terminals (which comprise thirteen (13) wharves), one (1) liquid bulk terminal (which comprise two (2) wharves), one (1) dry bulk terminal (which comprise two (2) wharves) and two (2) multipurpose wharves totaling up to nineteen (19) wharves. The port terminal mainly handles containers and has a terminal capacity of approximately 5.6 million TEUs with a total quay length of 3,242 metres. North Port is served by 44 container shipping lines and 52 conventional shipping lines. The conventional cargo capacity has a current aggregate handling capacity of approximately 10.6 million FWTs consisting of break bulk, dry bulk and liquid bulk with terminal capacity of approximately 3.1 million FWTs, 3.4 million FWTs and 4.1 million FWTs respectively.

Northport’s other port, Southpoint, situated at Port Klang, Malaysia, covers approximately 111.4 acres consisting of nine (9) wharves with a total quay length of approximately 1,073 metres, of which two (2) are for liquid bulk cargo and the remaining seven (7) wharves are break bulk cargo. Southpoint focuses mainly on conventional domestic and coastal trades between Port Klang and ports in East Malaysia, Indonesia and Brunei. Besides this, Southpoint also acts as another facility in Port Klang for the handling of liquid bulk cargo, mainly palm oil. Southpoint is served by 32 conventional shipping lines and a current aggregate handling capacity for Southpoint is approximately 4.1 million FWTs per annum consisting of liquid bulk and break bulk with terminal capacity of approximately 1.8 million FWTs and 2.3 million FWTs respectively. Both North Port and Southpoint provide warehouse services for container packing and unpacking activities.

Northport’s major container/conventional shipping lines consist of, among others, APL-Nol, Korean Marine Transport Co. Lines, Mitsui O.S.K. Lines, Shin Yang Shipping Corporation Bhd and Wan Hai Lines.

North Port and Southpoint have emerged as important hubs in the region with ship calls to Intra Asia, Gulf/Indian subcontinent, Australia/South Pacific, Africa and Europe.

In its effort to continue upgrading its wharf capacity, Northport has awarded a tender for upgrading of Wharf 8, which had commenced in August 2015 and is expected to be completed in 24 months. The total capital expenditure for the upgrading of Wharf 8 is budgeted at RM300 million which is to be funded by part of the RM1.5 billion Sukuk Musharakah Programmes, approved by the SC on 9 July 2014. Northport’s Wharf 8A had commenced its operations in December 2013 and is generating revenue. With the expected completion of the upgrading of Wharf 8, the utilisation and generation of revenue from the combined capacity will enable Northport to realise Container Terminal 4 of its full potential by attracting larger shipping vessels to its terminal and lifting the total annual container handling capacity from approximately 5.6 million TEUs to approximately 6.2 million TEUs.

In addition, Northport will continue in its efforts to improve its container business with continuous client engagement and retention programs. The prospect for the revenue growth will be based on the improved wharf capacity which is expected to materialise within the next two (2) years. In the month of August 2015, the Federal Government had gazetted the "Revised Container Tariff" which will bode well for NCB in the long term as it will increase the revenue of Northport.

(ii) KN

KN is a logistics and haulage company, which began its operation in 1971. Since its inception it has expanded its business from just container haulage to international freight forwarding, warehousing, distribution, supply chain solutions, cold chain solutions and Halal logistics. KN provides comprehensive logistics solutions customised to customers' requirements. KN has a total of 3,766,584 square feet of storage facilities/warehouse (aging between 8 and 40 years) and a fleet of 2,472 vehicles comprising 351 units of prime mover, 1,901 units of trailer, 28 units of side loader and 192 units of truck. KN operations cover four (4) main regions in Malaysia namely Klang Valley, Penang, Johor and Kuantan.

During the FYE 31 December 2014, KN had exited from trucking business and continued with rationalisation or right-sizing of the workforce as well as cost management controls. KN is still undergoing internal changes and improvement, to put in place an effective operational structure as well as expanding and redeploying its assets and infrastructure effectively. This involves focusing on the core businesses of KN such as haulage, warehousing and freight forwarding as well as improving asset utilisation by quick deployment of assets between branches. Through these measures, KN is expected to benefit from reduced cost of operations in the medium to long term. Revenue from profitable streams which include haulage, warehousing and freight forwarding is expected to increase according to the rationalisation and consolidation plan by way of optimising the utilisation of assets as well as effective cost management.

In addition, the management of NCB has put in place several enhanced processes such as shared services and synergy in business operations within the NCB Group to achieve effective cost management and will continue to improve its standard operating procedures to increase efficiency, strengthen its financial management and reporting functions.

Our Group currently derives part of our earnings from our ports and logistics division, namely from Pelabuhan Tanjung Pelepas Sdn Bhd ("**PTP**") and Johor Port Berhad ("**Johor Port**"). PTP is a major container terminal in Malaysia with a container capacity of 10.5 million TEUs and plans to undertake capital expenditure of approximately RM500 million in the near term to further improve its handling capacity. On the other hand, Johor Port, which has container and conventional (liquid and bulk) cargo handling capacity of up to 1.2 million TEUs and 40 million metric tonnes respectively, has earmarked about RM240 million per year in capital expenditure over the next three (3) years. As NCB owns and operates North Port and Southpoint, the Completed Acquisitions and the Proposed Acquisition will further strengthen our Group's position as a major domestic ports operator.

With the completion of the Wharf 8A project, Northport is re-profiling the range of facilities it is capable of offering in terms of both capacity of the berth strength and depth as well as supporting equipment installed thereat. Northport is well-equipped to service the expansion of its present customer base as well as to accommodate new customers. Northport aspires to continue being one of the main gateway and leading regional hub by 2020.

Northport had initiated plans on the infrastructure investment for the next fifteen (15) years as follows:

(i) Container services

Upgrading of berth to improve connectivity and productivity. This includes, among others, upgrading of Wharf 8 to complement the recently completed Wharf 8A (which had commenced its operations in December 2013) and increasing other support equipment. The terminal is also looking into further optimisation of its container yard.

(ii) Conventional cargo services

This includes, among others, redevelopment of dry bulk terminal facilities, rationalisation of existing wharves to be used as a multi-purposed wharf to cater for container, break bulk and roll-on/roll-off (vehicle carriers) and improvement to conventional cargo storage area.

(iii) Logistics services

This includes, among others, upgrading of warehouses facilities, replacement of ageing forklifts and realignment of custom checkpoint facility and security gates.

Going forward, the prospects of the NCB Group are expected to be favourable taking into consideration the positive outlook of the ports and logistics industry as reflected by the stronger port activities, initiatives taken to enhance port operations, cargo clearance and container services in the future, and revised container tariff.

Upon successful completion of the Proposals, our Group will be able to expand the presence of our port business from the south to the west of Peninsular Malaysia as well as being able to capture operational and cost synergies, which would further enhance the financial performance of our ports and logistics business division through:

(i) assessment and benchmark of NCB's current capabilities against other ports within our Company's portfolio which will enable improvement of port operations based on best practices;

(ii) deployment of expertise between ports within our Company's portfolio which will enable effective transfer of knowledge and skills;

(iii) implementation of shared services to optimise current resources, particularly in the support functions; and

(iv) coordination of sales and marketing efforts to offer broader solutions to current and potential clients.

(Sources: Northport's website, NCB's website, NCB's annual report for the FYE 31 December 2014, MMC's annual report for the FYE 31 December 2014, Maybank IB Research Company Update on NCB Holdings dated 26 June 2015, the Sun daily's article titled "NCB hopes to improve next year on restructuring of container business" dated 30 May 2014, MIDF Research's 2QFY15 Results Review on NCB dated 25 August 2015, Malaysian Rating Corporation Berhad Credit Analysis Report on Northport - Initial Rating 2014 and Malaysian Rating Corporation Berhad's article titled "MARC assigns rating of AA-IS to MMC Corporation Berhad's proposed RM1.5 billion Sukuk Murabahah Programme; outlook stable" dated 22 September 2015)

7. INDUSTRY OVERVIEW AND OUTLOOK

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy remains resilient despite a more challenging external environment, including moderate global growth, declining commodity prices and volatility in financial markets. Real Gross Domestic Product ("**GDP**") grew by 5.3% during the first half of 2015 supported by steady domestic demand, particularly private sector expenditure. Exports and imports contracted by 1.4% and 2%, respectively, during the first eight months of the year. However, exports of manufactured goods registered modest growth led by demand mainly for electrical and electronic ("**E&E**") products.

As a small and highly open economy, Malaysia is vulnerable to developments in the external environment. However, the structural reforms undertaken over the years to diversify the economy and strengthen the financial system have placed the economy on a stronger footing as well as enhanced its resilience to weather the external challenges. Real GDP is expected to register a growth of 4.5% - 5.5% in 2015 (2014: 6%) supported by resilient domestic economic activity. The national income, as measured by the Gross National Income ("**GNI**"), is estimated to increase by 5.5% to RM1.13 trillion with income per capita growing by 4.2% to RM36,397 (2014: 8.6%; RM1.07 trillion; 7.2%; RM34,945).

Domestic demand will be the main driver of growth amid external uncertainties, supported by private sector expenditure. Private consumption is expected to remain strong underpinned by stable employment and continued wage growth. Private investment is anticipated to expand, albeit at a moderate pace, driven largely by capital spending in the manufacturing and services sectors. Public investment is expected to rebound, attributed to higher capital spending by the Federal Government and public corporations. Federal Government development expenditure is expected to expand mainly led by construction of major infrastructure projects. Capital spending of public corporations will be mainly in oil and gas ("**O&G**"), utilities, transport and communication sectors. Meanwhile, public consumption is anticipated to register a lower growth in line with fiscal consolidation efforts.

On the supply side, growth in 2015 is expected to be supported by expansion in all economic sectors. The services and manufacturing sectors are expected to drive growth. Resilient domestic consumption is expected to boost growth in the services sector, especially wholesale and retail trade as well as food, beverage and accommodation subsectors. The manufacturing sector is anticipated to grow on account of steady demand for E&E products. In line with resilient domestic consumption and steady private investment, domestic-oriented industries such as construction-related and transport equipment are expected to remain favourable. The construction sector continues to expand driven by ongoing private investment and Tenth Malaysia Plan (10MP) projects. In addition, the residential subsector is expected to expand with steady demand for affordable houses. Meanwhile, the agriculture sector is expected to expand further, supported by increased output of the palm oil and food commodity subsectors. Despite some investment cutback in upstream O&G activities, the mining sector is anticipated to expand, supported by higher crude oil output.

The projection for growth in 2016 takes into account concerns over the severity of growth slowdown in emerging markets, particularly China. Other downside risks include declining commodity prices, rising volatility in financial markets and depreciating currencies of emerging economies.

Against the backdrop of increased uncertainty in the global economy, growth in the Malaysian economy will be driven by domestic demand, with private expenditure as the main anchor, while public expenditure will increase moderately. Strong economic fundamentals such as benign inflation and stable employment supported by an accommodative monetary policy are expected to support growth. Thus, the Malaysian economy is expected to remain on a steady growth path, expanding between 4% - 5% in 2016. On the supply side, growth though moderating, is expected to be broad-based supported by expansion in all sectors of the economy, led by the services and manufacturing sectors. Thus, the nominal GNI per capita is expected to increase by 5.6% to RM38,438 in 2016 (2015: 4.2%; RM36,397).

In 2016, the impact of GST on prices is expected to wane, while the weakening ringgit may lead to higher prices in some imported goods. However, this will be mitigated by weak commodity prices and lower global inflation. Furthermore, the economy is expected to operate in line with its potential output without any significant upward pressure on domestic prices. Hence, inflation is expected to remain stable at 2% - 3% for 2016.

(Source: Economic Report 2015/2016, Ministry of Finance Malaysia)

7.2 Overview and outlook of the ports and logistics industry in Malaysia

The water transport segment rebounded by 1.2% (January – June 2014: -2.9%) on account of stronger port activities. This is reflected in the improvement in the freight segment with cargo services posting a positive growth. Total container throughput in major ports grew by 8.4% to 11.6 million TEUs (January – June 2014: 5.1%; 10.7 million TEUs). In addition, Port Klang and Port of Tanjung Pelepas registered higher volumes at 5.8 million TEUs and 4.4 million TEUs (January – June 2014: 5.3 million TEUs; 4.1 million TEUs) accounting for 50% and 38.4% of total container throughput, respectively (January – June 2014: 49.4%; 38.2%). Port Klang and Port of Tanjung Pelepas, the leading container ports in the country, continued to be ranked among the world's top 20 container ports. According to the Containerisation International Report, in terms of total TEUs handled in 2014, Port Klang ranked at 12th while Port of Tanjung Pelepas ranked at 18th position. Moving forward, several initiatives including the Logistics and Trade Facilitation Masterplan (LTFM) launched in March this year, to improve the last-mile connectivity to Port Klang and a new queuing system at Port of Tanjung Pelepas, are expected to enhance port operations, cargo clearance and container services in the future.

(Source: Economic Report 2015/2016, Ministry of Finance Malaysia)

The revised container tariff has been approved by Ministry of Transport and it was gazetted on 12 June 2015 and 3 August 2015. The revised tariff covers container terminal handling charges for import, export, transhipment, shifting and re-stow, storage charge for container and handling charge for heavy lift or uncontainerised cargo. The revised tariff will be implemented in two (2) phases as follows:

(i) Phase one (1) entails an increase of approximately 15% on key container tariff items, particularly terminal handling charges, which will take effect on 1 November 2015*; and

(ii) Phase two (2), another increase of approximately 15% which will be implemented on 1 September 2018.

The phased implementation is to allow affected parties to make necessary adjustment to adopt the new tariff.

(Source: NCB's announcements dated 7 August 2015 and 23 September 2015)

Sea freight is the preferred choice due to its lower cost and ability to handle bulky shipments. The total freight volume transported by sea in 2014 was 98.4% or 539.2 million tonnes. Ports that contributed significantly to shipment of goods were Port Klang, Port of Tanjung Pelepas, Penang Port, Kuantan Port, Johor Port and Bintulu Port. The annual growth rate between 2005 and 2014 for sea freight volume was 5.4% and the growth momentum is expected to continue until 2020 at 5.6%.

(Source: Eleventh Malaysia Plan 2016-2020)

Note:

* *The revised container tariff for phase one (1) encompasses the following:*

(i) The previous terminal handling charges of up to RM585 per container was revised to the new terminal handling charges of up to RM672 per container, subject to the container's length and type; and

(ii) The previous storage charge for container of up to RM468 per day was revised to the new storage charge for container of up to RM538 per day, subject to the container's length and storage duration.

(Source: Management of NCB)

8. RISK FACTORS IN RELATION TO THE COMPLETED ACQUISITIONS AND THE PROPOSED ACQUISITION

8.1 Competitive landscape for the ports industry

As with the other players in the port industry, NCB will face competition from other ports in the region. There is no assurance that NCB will be able to withstand competition from other competitors in the market.

Northport's competitive advantage is its ideal geographical location, making it the first port of call for ships on the eastbound leg and the last port of call on the westbound leg of the Far East-Europe trade route, In addition, Northport is located within the reach of local hinterland industrial areas in Port Klang, Shah Alam and surrounding Klang Valley area and thus is in the position to tap from the existing connectivity.

The Ministry of Transport had approved and gazetted PKA's application for a revision in container tariffs which will bode well for NCB over the longer term. The increase in container tariffs will provide investors with better visibility on earnings. Despite the tariffs hike, the revised tariffs remain competitive as compared to regional ports. However, NCB will not be able to impose the higher rates immediately due to the competition within the gateway segment and transhipment segment as well as the locked-in nature of terminal handling fee agreements with most of their customers. The tariff hike would only be implemented when these agreements lapsed.

As such, there is no assurance that the revision in container tariffs will have any material impact to the business of NCB for the FYE 31 December 2015. However, the revision in container tariffs may increase the revenue of the NCB Group for the FYE 31 December 2016 subject to the tariff negotiation between shipping lines and terminal operator being agreed upon.

8.2 Competitive landscape for the logistics industry

In view of the competitive landscape for the logistics industry, cost management for all logistics contracts is crucial. During the FYE 31 December 2014, KN had exited from trucking business, continued with rationalisation or right-sizing of the workforce as well as cost management controls. Through these measures, KN is expected to benefit from reduced cost of operations in the medium to long term. KN was able to reduce its loss before tax by approximately 21.7% from RM73.1 million for the FYE 31 December 2013 to RM57.2 million for the FYE 31 December 2014.

Although the management of KN is relatively hands-on, the execution is crucial to ensuring that the logistics contracts are matched with the targeted costs. KN has initiated operational improvements in critical areas such as reviewing long term contracts, business process and unprofitable projects, and strengthening its financial management and reporting functions.

8.3 Non-completion of the Proposed Acquisition

The completion of the Proposed Acquisition is conditional upon the Condition Precedent being fulfilled. In the event the Proposed Acquisition fails to be completed in accordance with the terms of the SPA or if there is a breach of any terms in the SPA, the SPA may be terminated and result in non-completion of the Proposed Acquisition. We will monitor the status and progress of the Proposed Acquisition and endeavour, to the extent possible, to meet and fulfil all the terms and conditions of the SPA. However, there is no assurance that the Proposed Acquisition will be completed within the stipulated timeframe.

8.4 Political, financial and economic risk

The financial performance of NCB is dependent on worldwide trade volumes as well as import and export trade volumes in the region. The volumes are significantly affected by changes in economic, financial and political conditions that are beyond NCB's control, including interest rates, changes in political leadership, unfavourable changes in government's policies, sanctions, boycotts and other measures as a result of trade barriers, trade disputes and acts of war, hostilities, terrorism, riots, natural disasters or epidemic.

These factors are generally affecting all the players in the market. We will monitor our investment in NCB and advise Directors and management of NCB on effective measures such as prudent management and efficient operating procedures to mitigate these factors, where required. However, there can be no assurance that adverse economic, political and financial changes will not materially affect NCB's business in the future.

8.5 Expiration or termination of concession

On 10 January 2014, the Federal Government had agreed that the concession for the port operation in North Port and Southpoint be extended and granted in a single concession to Northport for a period of 30 years effective from 1 December 2013 to 30 November 2043, subject to the finalisation of the terms and conditions of the new concession agreement and the execution thereof by the parties.

Pending the finalisation of the new concession agreement and to ensure continuous port operation, by way of an interim privatisation agreement dated 28 March 2014 entered into between the Federal Government, PKA and Northport, the Federal Government has agreed to allow Northport to continue to operate, manage and control the relevant port business on interim basis based on the same terms and conditions of the previous privatisation agreements.

In addition, on 1 December 2013 and 1 December 2014, Northport was granted the licence under Section 3(2)(v) of the Port Authorities Act 1963 (*Act 488*) and Section 9(3)(a) of the Port (Privatisation) Act 1990 (*Act 422*) to provide port facilities and services and operate the container handling business at North Port and Southpoint. Pending the finalisation of the new concession agreement, the license is being granted on an annual basis. Upon execution of the new concession agreement, a new licence shall be granted to Northport for the remainder of the concession period.

Northport is required to comply with the provisions of the acts of which, the license was issued under, to avoid any suspension or revocation of the license by the Government.

As such, the risk of the Federal Government terminating the port concession on the grounds of national interest, national security or public policy is present and there is the possibility of it happening due to unforeseen circumstances.

Termination of concession will result in NCB losing its core businesses and thus affecting its shareholder value. However, the possibility of this crystallizing is low as port operations is an integral part of overall domestic economy and the Federal Government would not terminate the concession as long as Northport complies with the terms and conditions under the concession agreement. Since its privatisation, Northport has maintained full compliance of the terms and conditions under the concession agreement and licence granted and will continue to do so via constant monitoring and internal audit.

9. EFFECTS OF THE COMPLETED ACQUISITIONS AND THE PROPOSALS

9.1 Share capital and substantial shareholders' shareholdings

The Completed Acquisitions had no effect on the issued and paid-up share capital and the shareholdings of substantial shareholders of our Company as the purchase consideration for the Completed Acquisitions had been fully settled by cash.

The Proposals will not have any effect on the issued and paid-up share capital and the shareholdings of substantial shareholders of our Company as the Purchase Consideration and the consideration for the Proposed MGO will be satisfied entirely in cash.

9.2 NA, NA per share and gearing

For illustrative purposes only, based on the audited consolidated statement of the financial position of our Company as at 31 December 2014 and on the assumption that the Completed Acquisitions and the Proposals had been effected on that date, the proforma effects of the Completed Acquisitions and the Proposals on our Group's NA, NA per share and gearing are as follows:

	(I) Audited as at 31 December 2014[(1)]	(II) After (I) and Completed Transactions[(2)]	(III) After (II) and the Proposed Acquisition	After (III) and the Proposed MGO[(4)]
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	304,506	304,506	304,506	304,506
Reserves	7,200,928	8,522,093	[(3)]8,647,231	[(5)]8,646,268
Equity attributable to the owners of parent/ NA	**7,505,434**	**8,826,599**	**8,951,737**	**8,950,774**
Non-controlling interest	2,828,729	616,844	957,351	616,844
Total equity	**10,334,163**	**9,443,443**	**9,909,088**	**9,567,618**
Number of MMC Shares in issue ('000)	3,045,058	3,045,058	3,045,058	3,045,058
NA per share[(6)] (RM)	2.46	2.90	2.94	2.94
Total borrowings[(7)] (RM'000)	25,651,949	7,059,899	[(8)]8,792,336	[(9)]9,133,807
Net borrowings[(10)] (RM'000)	20,615,924	6,012,353	7,279,812	7,621,283
Net gearing[(11)] (times)	2.75	0.68	0.81	0.85

Notes:

(1) *Taking into consideration the effects of Transaction 1.*

(2) *Taking into consideration the effects following the listing of Malakoff Corporation Berhad on the Main Market of Bursa Securities on 15 May 2015, Transaction 2 and Transaction 3 (collectively known as "**Completed Transactions**").*

(3) *After incorporating the fair value re-measurement gain of RM125.81 million on remaining non-controlling interest of NCB in accordance with Malaysian Financial Reporting Standard 3 ("**MFRS3**") 'Business Combinations' and setting off the estimated expenses relating to the Proposed Acquisition of approximately RM0.7 million.*

(4) *Assuming full acceptances under the Proposed MGO.*

(5) *After setting off the estimated expenses relating to the Proposed MGO of approximately RM1.0 million.*

(6) *Computed based on the number of MMC Shares in issue for the FYE 31 December 2014.*

(7) *Comprises short and long term borrowings of our Group.*

(8) *Includes the NCB Group's borrowings of approximately RM580.91 million as at 31 December 2014 and estimated borrowings of approximately RM1,151.53 million of our Group for the Proposed Acquisition.*

(9) *Includes the estimated borrowings of approximately RM341.47 million of our Group for the Proposed MGO.*

(10) *Computed based on total borrowings and after deducting deposits, bank and cash balances.*

(11) *Computed based on net borrowings over shareholders' funds.*

9.3 Earnings and EPS

For illustrative purposes only, assuming that the Completed Acquisitions and the Proposals had been completed on 1 January 2014, being the beginning of the FYE 31 December 2014, the proforma effects of the Completed Acquisitions and the Proposals on the earnings and EPS of our Group are as follows:

	(I) Audited as at 31 December 2014[(1)]	(II) After (I) and the Completed Transactions[(2)]	(III) After (II) and the Proposed Acquisition	After (III) and the Proposed MGO[(6)]
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to the equity holders of our Group	492,932	1,837,074	[(3)(4)(5)]1,917,373	[(7)]1,901,834
Number of MMC Shares in issue ('000)	3,045,058	3,045,058	3,045,058	3,045,058
EPS[(8)] (sen)	16.19	60.33	62.97	62.46

Notes:

(1) Taking into consideration the effects of Transaction 1.

(2) Taking into consideration the effects following the Completed Transactions.

(3) Assuming that the Proposed Acquisition has been completed and MMC Port's shareholdings in NCB increase to 83.55%.

(4) After incorporating the fair value re-measurement gain of RM125.81 million on remaining non-controlling interest of NCB in accordance with MFRS3 'Business Combinations', setting off the borrowing costs of approximately RM68.11 million and the estimated expenses relating to the Proposed Acquisition.

(5) Assuming full consolidation of the net profit of the NCB Group.

(6) Assuming full acceptances under the Proposed MGO.

(7) After setting off the borrowing costs of approximately RM20.12 million to finance the Proposed MGO.

(8) Computed based on the number of MMC Shares in issue for the FYE 31 December 2014.

The Completed Acquisitions and the Proposals are expected to contribute positively to the earnings and EPS of our enlarged Group for the FYE 31 December 2016 and in the longer run in view of the prospects of the NCB Group as set out in Section 6 above.

10. APPROVALS REQUIRED

The Completed Acquisitions were not subjected to the approval of the shareholders of our Company or any relevant governmental authority.

The Proposals are subject to the approval of the shareholders of our Company being obtained at our forthcoming EGM. The completion of the Proposals is not subject to the approval of any relevant governmental authority.

The Proposed MGO is conditional upon the Proposed Acquisition but not vice-versa.

The Completed Acquisitions and the Proposals are not conditional upon any other corporate exercise/scheme of our Company.

As the Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, the voting on the ordinary resolution to be tabled at our forthcoming EGM will be carried out via poll.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of our Company and/or persons connected with them had any interest, whether direct or indirect, in the Completed Acquisitions.

Save as disclosed below, none of the Directors, major shareholders of our Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposals:

(i) The Interested Director is a nominee of PNB on the Board;

(ii) AmanahRaya Trustees Berhad is deemed interested in the Proposals by virtue of it being a substantial shareholder of NCB. In addition, AmanahRaya Trustees Berhad is one of the Vendors for the Proposed Acquisition. As at 30 October 2015, AmanahRaya Trustees Berhad holds a total of 247,692,100 NCB Shares, representing approximately 52.67% of the equity interest in NCB;

(iii) PNB is deemed interested in the Proposals by virtue of it being a person connected with AmanahRaya Trustees Berhad as well as a shareholder of NCB. In addition, PNB is one of the Vendors for the Proposed Acquisition. As at 30 October 2015, PNB holds a total of 3,503,473 NCB Shares, representing approximately 0.75% of the equity interest in NCB.

The direct and indirect shareholdings of Interested Director, AmanahRaya Trustees Berhad and PNB in our Company as at 30 October 2015 are set out below:

	<----------Direct---------->		<---------Indirect--------->	
	No. of MMC Shares	**%**	**No. of MMC Shares**	**%**
Interested Director	-	-	-	-
AmanahRaya Trustees Berhad	697,124,000	22.89	-	-
PNB	-	-	*674,483,700	22.15

Note:

* *Deemed interested through its direct shareholdings in AmanahRaya Trustees Berhad pursuant to Section 6A of the Act.*

Accordingly, the Interested Director has abstained from and will continue to abstain from deliberating and voting on the Proposals at the relevant Board meetings. The Interested Director, AmanahRaya Trustees Berhad and PNB will abstain from and have undertaken to ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the ordinary resolution pertaining to the Proposals at our forthcoming EGM.

12. INDEPENDENT ADVISER

As set out in Section 1 above, the Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

In this regard, HLIB has been appointed on 19 October 2015 by our Company to act as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Shareholders as to whether the Proposed Acquisition is fair and reasonable in so far as the Non-Interested Shareholders are concerned, whether the Proposed Acquisition is detrimental to the Non-Interested Shareholders, and whether they should vote in favour of the Proposed Acquisition.

The IAL containing HLIB's evaluation and recommendation on the Proposed Acquisition is enclosed in **Part B** of this Circular.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of our Company, after careful deliberation and having considered all aspects of the Proposals, is of the opinion that the Proposals are:

(i) in the best interest of our Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interests of the Non-Interested Shareholders.

14. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Director), after having considered all aspects of the Proposals including but not limited to the rationale for the Proposals, future prospects, risks and effects of the Proposals and after taking into consideration the advice of the Independent Adviser, is of the opinion that the Proposals are in the best interest of our Group.

Accordingly, our Board (save for the Interested Director) recommends that you vote in favour of the ordinary resolution pertaining to the Proposals to be tabled at our forthcoming EGM.

15. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTIES FOR THE PAST TWELVE (12) MONTHS

Save for the Proposed Acquisition, there are no other related party transactions with ART, PNB and the Interested Director for the twelve (12) months preceding the date of this Circular.

16. CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals which are the subject matter of this Circular, we do not have any other corporate exercise which has been announced on Bursa Securities but not yet completed as at the LPD.

17. TENTATIVE TIMETABLE

The tentative timetable for the implementation of the Proposals is set out below:

Event	Tentative timing
EGM for the Proposals/ SPA becoming unconditional/ Issuance of the Notice	25 November 2015
Despatch of the Offer Document	Mid December 2015
First closing date of the Proposed MGO	Early January 2016
Completion of the Proposed MGO	End January 2016

18. EGM

The notice of the EGM is enclosed in this Circular. The EGM will be held at Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 25 November 2015 at 11.00 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing, with or without modification, the ordinary resolution to give effect to the Proposals.

If you (being a shareholder other than the Interested Shareholders) are unable to attend and vote in person at our forthcoming EGM, you are requested to complete and return the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible and in any event, so as to arrive at our Share Registrar's office at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for our forthcoming EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at our forthcoming EGM should you subsequently wish to do so.

19. FURTHER INFORMATION

You are advised to refer to the appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
MMC CORPORATION BERHAD

TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS
Group Chairman

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PART B

IAL FROM HLIB TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the "Definitions" section of Part A of this Circular except where the context otherwise requires or otherwise defined in this IAL. All references to "you" are references to the Non-Interested Shareholders, whilst references to "we", "us" or "our" in this IAL are references to HLIB, being the Independent Adviser for the Proposed Acquisition.

Set out hereunder this Executive Summary which serves to highlight some of the salient points arising from HLIB's independent evaluation of the Proposed Acquisition. The Non-Interested Shareholders are advised to read and understand the contents of this IAL and the entire Part A of this Circular, including appendices thereof, for more comprehensive information, evaluation and recommendation on the Proposed Acquisition before voting on the ordinary resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

1. INTRODUCTION

On 19 October 2015, RHB Investment Bank, on behalf of the Board of MMC, announced that the Company had entered into a SPA with the Vendors for the Proposed Acquisition.

The Proposed Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Director and Interested Shareholders in the Proposed Acquisition as set out in Section 11, Part A of this Circular.

Upon completion of the Proposed Acquisition, MMC Port's shareholding in NCB will increase from 30.13% to approximately 83.55%. Accordingly, pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code, MMC Port will be obliged to extend a mandatory general offer for all the remaining NCB Shares not already owned by MMC Port.

Further details on the Proposed Acquisition are set out in Section 2, Part A and Section 2 Part B of this Circular, respectively.

2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following factors to arrive at our overall opinion on the Proposed Acquisition:

Section in this IAL	Area of evaluation	Comments
Section 6.1	Rationale for the Proposed Acquisition	The rationale for the Proposed Acquisition is reasonable as the Proposed Acquisition:- (i) Serves as a good avenue for MMC to further expand its ports and logistics division by expanding and strengthening its presence from the south to the west of Peninsular Malaysia as well as strengthen its revenue base for its ports and logistics divisions. (ii) Creates synergistic effects on the performance of the enlarged MMC Group which are expected to improve the revenue, profitability and customer retention in the enlarged MMC Group. (iii) Achieves control of NCB and consolidate the entire financial performance of NCB as a subsidiary upon completion of the Proposed Acquisition, thus strengthening its presence and position in the west of Peninsular Malaysia.

<table>
<tr><th>Section in this IAL</th><th>Area of evaluation</th><th>Comments</th></tr>
<tr><td>Section 6.2</td><td>Basis and justification of arriving at the Purchase Consideration</td><td>In assessing the fairness of the Purchase Consideration, we have considered the following factors:

(a) Historical Share Price Performance of NCB Shares:

The Purchase Consideration per NCB Share represents the following:

(i) at par to the last closing price of NCB Shares on the Last Trading Day (as defined herein)/ LPD; and

(ii) a premium of between 1.38% and 18.60% over the last closing price, 5-day, 1-month, 3-month and 6-month VWAPs of NCB Shares up to the Last Trading Day/ LPD.

The Completed Acquisitions during the past one (1) year, together with the Proposed Acquisition are steps taken by MMC to increase its shareholding in NCB in order to gain control of NCB. Taking into consideration the Completed Acquisitions, the Average Transacted Price (as defined herein) is RM4.07 per NCB Share.

The Average Transacted Price represents the following:

(i) a discount of between 1.69% and 7.50% to the last closing price, 5-day, 1-month and 3-month VWAPs of NCB Shares up to the Last Trading Day/ LPD; and

(ii) a premium of 9.70% over the 6-month VWAP of NCB Shares up to the Last Trading Day/ LPD.

The Purchase Consideration for the Proposed Acquisition at RM4.40 per NCB Share will in fact be lowered taking into consideration the Completed Acquisitions, which resulted in an effective average cost of acquisition of RM4.07 per NCB Share. Hence, the Proposed Acquisition offers an opportunity for MMC Group to take control of NCB at a reasonable discount based on the Average Transacted Price of RM4.07 over the last closing price, 5-day, 1-month and 3-month VWAPs of NCB Shares, and a premium based on the 6-month VWAP of NCB Shares as compared to the Purchase Consideration per NCB Share of RM4.40.

We also note from Section 2.2.3.1, Part A of this Circular, that based on precedent take-over transactions for the past two (2) years up to and including the last trading day where the offeror holds less than 50% in the offeree company prior to undertaking the respective take-over offer and does not intend to maintain the listing status of the target company, the premiums represented by the Purchase Consideration are below the respective average premiums offered based on the last closing price, 5-day, 1-month, 3-month and 6-month VWAPs of NCB Shares up to the Last Trading Day.</td></tr>
</table>

Section in this IAL	Area of evaluation	Comments
		(b) Fair Value of NCB: The two (2) major business segments of the NCB Group are port operations and logistic operations. After taking into consideration the profile of the NCB Group and various valuation methodologies, we consider it appropriate to use the relative valuation approach, which involves the use of PE, PB and EV/EBITDA methods in comparing the valuation of NCB Group against its peer companies. Among the above three (3) relative valuation method used, we consider the PB method as the most appropriate valuation method in arriving at the valuation of NCB. Based on the PB multiples range of between 1.62 times and 1.98 times, as derived by applying a discount and premium of 10% each on the average PB multiple of the Comparable Companies, and the NA of NCB, the implied valuation of NCB is between the range of RM2.28 billion to RM2.78 billion. As such, this translates to a fair value which ranges between RM4.84 and RM5.91 per NCB Share. We note that the Purchase Consideration per NCB Share of RM4.40 represents discounts of 9% and 26% to the Low Range (as illustrated herein) of RM4.84 and the High Range (as illustrated herein) of RM5.91 per NCB Share, respectively. In addition, the Average Transacted Price of RM4.07 per NCB Share, as computed in Section 6.2.1, Part B of this Circular also represents higher discounts of 16% and 31% to the Low Range of RM4.84 and the High Range of RM5.91, respectively. Based on the latest audited NA of NCB as at 31 December 2014, the average PB multiples of the Selected Comparable Companies of 2.99 times, as computed in Section 2.2.3.2, Part A of this Circular, would imply a valuation of RM4.2 billion or RM8.93 per NCB Share. Both the Purchase Consideration per NCB Share of RM4.40 and the Average Transacted Price per NCB Share of RM4.07 are significantly lower than the implied value of RM8.93 per NCB Share, representing discounts of 51% and 54%, respectively.
Section 6.3	Historical financial performance of NCB	We note that the financial performance of NCB had been significantly affected by the losses incurred by KN, which is its logistics operations. However, its port operations continue to be profitable. Hence, NCB continues to register profitable results albeit at a lower quantum.
Section 6.4	Salient terms of the SPA	The salient terms of the SPA were mutually agreed between MMC and MMC Port and the Vendors and are generally reasonable, taken as a whole.

Section in this IAL	Area of evaluation	Comments
Section 6.5	Financial effects of the Proposed Acquisition	The Proposed Acquisition will not have any effects on the share capital and the substantial shareholders' shareholdings of MMC as the Purchase Consideration will be satisfied entirely in cash. The consolidated gearing of MMC will increase in view that the consideration for the Proposed Acquisition will be fully satisfied via bank borrowings. MMC's future earnings may be impacted by the higher financing cost.
Section 6.6	Industry overview and prospects	The prospects of the ports and logistics subsector, particularly in the port and container operations are expected to remain positive. Despite the moderate domestic economic outlook, there continues to be sustained demand for ports and logistics services. Therefore, we are of the view that the ports and logistics subsector in Malaysia will continue to expand and will benefit from Malaysia's strategic location and China's newly launched initiatives.
Section 6.7	Risk factors	The risk factors in relation to the Proposed Acquisition include, amongst others, the dependence on government concession, financing requirements for the expansion of NCB, risk of construction and cost overruns and delay and regulations on port tariffs.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the terms of the Proposed Acquisition and our evaluation is set out in Section 6 of this IAL. Non-Interested Shareholders are advised to consider the merits and demerits of the Proposed Acquisition carefully based on all relevant and pertinent factors including those set out in this IAL and Circular, as well as other publicly available information prior to making a decision to vote on the ordinary resolution pertaining to the Proposed Acquisition.

Premised on our overall evaluation and assessment of the Proposed Acquisition based on information available to us up to the LPD, we are of the opinion that the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the Non-Interested Shareholders.

Accordingly, we recommend that the Non-Interested Shareholders **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Registered Office:
Level 8, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur

9 November 2015

To: The Non-Interested Shareholders of MMC Corporation Berhad

Dear Sir/Madam,

MMC CORPORATION BERHAD ("MMC" OR THE "COMPANY")

IAL TO THE NON-INTERESTED SHAREHOLDERS OF MMC IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in this Circular to the shareholders of MMC in relation to the Proposed Acquisition. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the "Definitions" section of Part A of this Circular except where the context otherwise requires or otherwise defined in this IAL. All references to "you" are references to the Non-Interested Shareholders, whilst references to "we", "us" or "our" in this IAL are references to HLIB, being the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 19 October 2015, RHB Investment Bank, on behalf of the Board of MMC, announced that MMC and its wholly-owned subsidiary, MMC Port had entered into the SPA with the Vendors for the Proposed Acquisition.

The Proposed Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Director and the Interested Shareholders in the Proposed Acquisition as set out in Section 11, Part A of this Circular. Accordingly, HLIB had been appointed on 19 October 2015 as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Shareholders of MMC in relation to the Proposed Acquisition.

Upon completion of the Proposed Acquisition, the substantial shareholder of NCB, namely MMC Port's shareholding in NCB will increase from 30.13% to approximately 83.55%. Accordingly, pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code, MMC Port will be obliged to extend a mandatory general offer for all the remaining NCB Shares not already owned by MMC Port.

The purpose of this IAL is to provide the Non-Interested Shareholders with an independent evaluation on the fairness and reasonableness of the terms of the Proposed Acquisition as well as whether the Proposed Acquisition is detrimental to the Non-Interested Shareholders together with our recommendation on the voting action to be taken on the ordinary resolution pertaining to the Proposed Acquisition, subject to the limitations of our role and evaluation as specified herein.

This IAL is prepared solely for the use of the Non-interested Shareholders for the purpose of considering the Proposed Acquisition, and should not be used or relied upon by any other party for any other purposes whatsoever.

YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE EVALUATION AND RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED ACQUISITION

The full details of the Proposed Acquisition are set out in Part A of this Circular and should be read and fully understood in their entirety by the Non-Interested Shareholders.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The interests of the Interested Director, major shareholders and/or persons connected with them are set out in Section 11, Part A of this Circular.

Accordingly, the Interested Director has abstained from and will continue to abstain from deliberating and voting on the Proposed Acquisition at the relevant Board meetings. The Interested Director, AmanahRaya Trustees Berhad and PNB will abstain from and have undertaken to ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company, if any, on the ordinary resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

Save as disclosed in Section 11, Part A of this Circular, none of the other Directors, major shareholders of MMC and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition.

4. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED ACQUISITION

We have not been involved in the formulation, deliberations, negotiations or discussions on the terms and conditions of the Proposed Acquisition nor have we participated in the Board's deliberation of the Proposed Acquisition. The terms of reference of our appointment as the Independent Adviser are in accordance with requirements relating to independent adviser as set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters ("**IAL Guide**") issued by Bursa Securities.

Our terms of reference as the Independent Adviser are limited to expressing an independent opinion on the fairness and reasonableness of the terms and conditions of the Proposed Acquisition from a financial point of view, based on and in reliance upon information, documents and representations/confirmations provided or made available to us (the accuracy of which the Board or other advisers of MMC are solely responsible), including but not limited to the following:

(i) information contained in Part A of this Circular and the accompanying appendices as well as the announcement dated 19 October 2015 in relation to the Proposed Acquisition;

(ii) the SPA;

(iii) discussions with and representations by the management of MMC;

(iv) other relevant information, documents, confirmation and representation furnished to us by the management of MMC;

(v) audited financial statements of MMC for the FYE 31 December 2014;

(vi) audited financial statements of NCB for the FYE 31 December 2012, 2013 and 2014 and the unaudited quarterly financial results of NCB for the nine (9)-month FPE 30 September 2015; and

(vii) other publicly available information which we deem to be relevant.

In line with our role and scope of work, notwithstanding that HLIB may make reasonable enquires in the course of preparing this IAL, HLIB is not responsible or liable in any manner to independently verify the accuracy, validity or completeness of any of the above-mentioned information, documents and representations/confirmations used, referred to and/or relied upon by HLIB for the purpose of this IAL. We have relied on MMC's Board and management to take due care to ensure that all information, documents, confirmation and representations provided to us by them to facilitate our evaluation of the Proposed Acquisition, are accurate, valid and complete in all material aspects.

This IAL has been seen and approved by the Board of MMC who collectively and individually accept full responsibility for the accuracy of the information given. The Board confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this IAL misleading. The information relating to NCB Group have been obtained from publicly available information and the management of NCB (where applicable) and the sole responsibility of the Board is therefore restricted to ensuring that such information is accurately reproduced in this IAL. We are satisfied with the information provided by MMC and are not aware of any facts or matters not disclosed which may render any such information untrue, incomplete and free from material omission, inaccurate and/or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL.

Our evaluation as set out in this IAL is rendered solely for the benefit of the Non-Interested Directors and Non-Interested Shareholders as a whole and do not cater to any individual shareholder or specific group of shareholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objective, financial situation or particular needs of any directors, individual shareholder or any specific group of shareholders. We recommend that any shareholder who is in doubt as to the action to be taken or requires specific advice in relation to the Proposed Acquisition within the context of his/her individual investment objectives, financial and tax position, risk profiles, financial situation or particular needs, to consult his/her respective stockbroker, solicitor, accountant, banker or other professional advisers at their own cost immediately.

Our evaluation and recommendation expressed herein are, amongst others, based on prevailing economic, industry, market and other conditions (if applicable) and any information/documents made available to us as at the LPD which we are reasonably satisfied that the information/documents are reliable.

5. DISCLOSURE OF CREDENTIALS, EXPERIENCE AND EXPERTISE OF HLIB AND DECLARATION OF CONFLICT OF INTEREST

HLIB is a participating organisation of Bursa Securities. Our Investment Banking Division provides a range of services including debt and equity funding raising services, private debt securities (PDS) issuances, syndicated loans, initial public offerings, corporate restructuring, merger & acquisitions, asset and investment valuation, takeovers & privatisations, independent advisory works, debt and equity underwriting and trading and distribution of fixed income instruments.

Our credentials and experience as an Independent Adviser where we have issued our independent advice opinion in the past 2 years prior to MMC entering into the SPA, include the following proposals:

(i) privatisation of IJM Land Berhad by IJM Corporation Berhad undertaken by way of a members' scheme of arrangement pursuant to the Section 176 of the Act;

(ii) disposal by KEB Builders Sdn Bhd, a wholly-owned subsidiary of KEB Plantations Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of Kumpulan Europlus Berhad, of its 10% equity interest held in Radiant Pillar Sdn Bhd to IJM Properties Sdn Bhd, for a total cash consideration of RM52,500,000;

(iii) conversion of Al-Hadharah Boustead REIT ("**Boustead REIT**") to a private property trust by way of amendments to the trust deed, selective unit redemption by Boustead REIT of all units held by the unitholders of Boustead REIT (save for the units held by Boustead Plantations Berhad) at a redemption price of RM1.94 for each unit redeemed and special dividend of RM0.16 for each unit held by all unitholders of Boustead REIT (including Boustead Plantations Berhad); and

(iv) conditional take-over offer by IOI Plantation Sdn Bhd, a wholly-owned subsidiary of IOI Corporation Berhad through RHB Investment Bank Berhad to acquire all the remaining ordinary shares of RM0.25 each in Unico-Desa Plantations Berhad not already held by IOI Plantation Sdn Bhd for a cash consideration of RM1.17 per offer share.

Premised on the foregoing, HLIB is capable and competent and have the relevant experience in carrying out its role and responsibilities as the Independent Adviser to advise the Non-Interested Shareholders in relation to the Proposed Acquisition.

The following disclosure requirements are made pursuant to the IAL Guide:-

(i) We confirm that we are not aware of any conflict of interest situation or possible conflict of interest situation that may affect our ability to act independently and objectively as the Independent Adviser; and

(ii) In April 2015, we acted as the joint bookrunner and joint underwriter for Malakoff Corporation Berhad, which prior to listing on the Main Market of Bursa Securities, was a subsidiary of MMC. As at LPD, Malakoff Corporation Berhad is an associate of MMC.

Save for the non-advisory role that HLIB has acted for Malakoff Corporation Berhad and the current appointment by MMC as the Independent Adviser for the Proposed Acquisition, we do not have any professional relationship with MMC in the past two (2) years.

6. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have considered the following factors:-

(i) rationale for the Proposed Acquisition;

(ii) basis and justification of arriving at the Purchase Consideration;

(iii) historical financial performance of NCB;

(iv) salient terms of the SPA;

(v) financial effects of the Proposed Acquisition;

(vi) industry overview and prospects; and

(vii) risk factors associated with the Proposed Acquisition.

6.1 Rationale for the Proposed Acquisition

We take note the following rationale for the Proposed Acquisition as extracted from Section 5, Part A of this Circular:-

"The Completed Acquisitions and the Proposed Acquisition are in line with the initiative of our Board to make further strategic investment in our core business of ports and logistics division, to strengthen the financial position of our Group. Our Group expects the Completed Acquisitions and the Proposed Acquisition to contribute positively to our future earnings and will help in maintaining our position as a key player in the ports industry in Malaysia as well as providing a good opportunity for our Group to further strengthen our foothold in NCB, an established company in the port industry.

The Completed Acquisitions and the Proposed Acquisition are strategic as we expand our presence in the port business from the south to the west of Peninsular Malaysia. In addition, through the Proposed Acquisition, our Group may be able to capture operational and cost synergies, which would further enhance the financial performance of our ports and logistics business division."

Our commentaries

MMC is a diversified conglomerate with businesses in ports and logistics, energy and utilities and engineering and construction divisions.

MMC's key businesses in its ports and logistics division include the operations of Johor Port and PTP which are located in the southern part of Malaysia in the State of Johor, while NCB operates North Port and Southpoint in Port Klang and owns one of the container road haulage companies in Malaysia. Given the favourable accessibility and strategic location of North Port and Southpoint, the Proposed Acquisition constitutes an investment which will enhance the future financial performance of MMC. Thus, the Proposed Acquisition serves as a good avenue for MMC to further expand its ports and logistics division by expanding and strengthening its presence from the south to the west of Peninsular Malaysia as well as strengthen its revenue base for its ports and logistics divisions.

Furthermore, the Proposed Acquisition is also expected to result in synergistic effects on the performance of the enlarged MMC Group via savings realised in terms of procurement, sourcing and consolidation of operations, elimination of duplicate resources and the potential increase in efficiency and effectiveness of its marketing and distribution channels. The effects of the aforementioned synergies are expected to improve the revenue, profitability and customer retention in the enlarged MMC Group.

As at LPD, MMC Port held 30.13% of the voting shares in NCB. We note that the Proposed Acquisition represents an opportunity for the Company to increase its effective interest in NCB from the subsisting 30.13% to approximately 83.55%. As a result of the Proposed Acquisition, the shareholding of MMC Port would exceed 33% and MMC Port will be obliged to extend a mandatory general offer for all the remaining NCB Shares not already owned by MMC Port pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code.

The Proposed Acquisition serves as a good avenue for MMC to gain control of NCB and consolidate the entire financial performance of NCB as a subsidiary upon completion of the Proposed Acquisition, thus strengthening its presence and position in the west of Peninsular Malaysia. We set out below the statistics of TEU handled by each of the ports in Peninsular Malaysia for year 2014:

		2014	
Name of port in Peninsular Malaysia	**Port operator**	**TEU (million)**	**Market share (%)**
Port of Tanjung Pelepas	Pelabuhan Tanjung Pelepas Sdn Bhd, 70% owned by MMC	8.52	39.37
Klang – Westports	Westport Malaysia Sdn Bhd, wholly owned by Westports Holdings Berhad	8.37	38.68
Klang – North Port and Southpoint	Northport (Malaysia) Bhd, wholly owned by NCB	2.57	11.88
Penang Port	Seaport Terminal (Johore) Sdn Bhd	1.26	5.82
Johor Port	Johor Port Berhad, wholly owned by MMC	0.79	3.65
Kuantan Port	Kuantan Port Consortium Sdn Bhd, 62% owned by IJM Corporation Berhad and 38% owned by Beibu Gulf Holding (Hong Kong) Co. Ltd	0.13	0.60
		21.64	100.00

(Source: TEU statistics from the respective port authorities' websites)

Based on the above table, having handled a combined 9.31 million TEU or 43.02% of total TEU in 2014, MMC is the largest port operator in Peninsular Malaysia, while NCB is the third, having handled 2.57 million TEU or 11.88% of total TEU in 2014. We take note that the Proposed Acquisition will allow MMC to strengthen its position and market presence in the west of Peninsular Malaysia as the market leader in the ports industry in Malaysia.

With the Company already operating two (2) ports in Peninsular Malaysia, the Proposed Acquisition should augur well with the Company's existing ports and logistics operations and create economies of scale, thus enabling the Company to achieve synergies and cost savings within the MMC Group, especially in the ports and logistics sectors.

Premised on the foregoing, we are of the opinion that the rationale for the Proposed Acquisition is considered reasonable and is not detrimental to the Non-Interested Shareholders. The Proposed Acquisition is also in line with MMC's plans of focusing and expanding on its port and logistics divisions which will provide MMC an additional 28 years of port concession (subject to finalisation of the terms and conditions of the new concession agreement and execution by the parties) from NCB, which in turn is expected to contribute positively to the financial performance of MMC in the longer term.

6.2 Basis and justification of arriving at the Purchase Consideration

We noted from Section 2.2.3, Part A of this Circular that the *"Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:*

(i) the historical and prevailing market prices of NCB Shares;

(ii) audited consolidated NA of NCB and NA per NCB Share attributable to equity holders as at 31 December 2014 of approximately RM1.40 billion and RM2.99 respectively;

(iii) the consolidated EBITDA of NCB as at 31 December 2014 of RM122.90 million; and

(iv) the potential benefits to accrue from the Proposed Acquisition, details of which are set out in Section 6 of Part A of this Circular."

Our commentaries

In assessing the fairness of the Purchase Consideration, we have considered the following factors:

(i) historical share price performance of NCB Shares; and

(ii) fair valuation of NCB.

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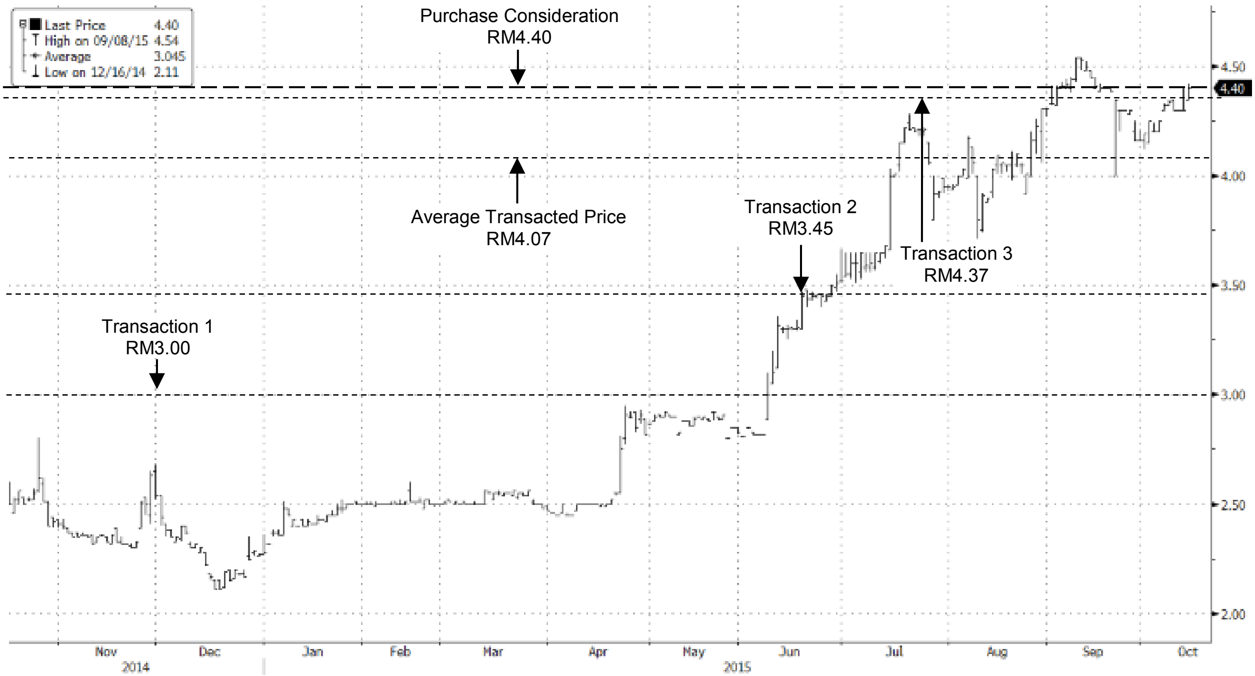
6.2.1 Historical share price performance of NCB Shares

The movement in NCB Share prices for the past one (1) year up to 16 October 2015, being the last full trading day prior to the announcement of the Proposed Acquisition on 19 October 2015 ("**Last Trading Day**"), is illustrated in the chart below:



(Source: Bloomberg)

Notes:

Transaction 1:	*Acquisition of 73,991,679 NCB Shares representing approximately 15.73% equity interest in NCB by MMC Port from MISC for a cash consideration of RM221.98 million or RM3.00 per NCB Share which was completed on 2 December 2014.*
Transaction 2:	*Acquisition of 25,000,000 NCB Shares representing approximately 5.32% equity interest in NCB by MMC Port from PKA for a cash consideration of RM86.25 million or RM3.45 per NCB Share which was completed on 19 June 2015.*
Transaction 3:	*Acquisition of 42,677,600 NCB Shares representing approximately 9.08% equity interest in NCB by MMC Port from KWAP for a cash consideration of RM186.50 million or RM4.37 per NCB Share which was completed on 21 July 2015.*

Based on the chart above, we further note the following:

(i) during the past one (1) year up to the Last Trading Day (save for early and mid-September 2015), NCB Share prices have traded below the Purchase Consideration of RM4.40;

(ii) during the past one (1) year up to the Last Trading Day, the highest traded price was RM4.54 on 8 September 2015 while the lowest traded price was RM2.11 on 16 December 2014; and

(iii) NCB Share prices have moved in tandem with the Completed Acquisitions.

The Purchase Consideration represents the following premiums to the last closing price and VWAPs of NCB Shares as illustrated below:

	NCB Share price	Premium of the Purchase Consideration over NCB Share price / VWAP	
	(RM)	(RM)	(%)
Up to the Last Trading Day/ LPD:			
Last closing price of NCB Share	4.40	0.00	0.00
5-day VWAP of NCB Shares	4.34	0.06	1.38
1-month VWAP of NCB Shares	4.29	0.11	2.56
3-month VWAP of NCB Shares	4.14	0.26	6.28
6-month VWAP of NCB Shares	3.71	0.69	18.60

Based on the table above, we note that the Purchase Consideration per NCB Share represents the following:

(i) at par to the last closing price of NCB Shares on the Last Trading Day/ LPD; and

(ii) a premium of between 1.38% and 18.60% over the 5-day, 1-month, 3-month and 6-month VWAPs of NCB Shares up to the Last Trading Day/ LPD.

The Completed Acquisitions during the past one (1) year, together with the Proposed Acquisition are steps taken by MMC to increase its shareholding in NCB in order to gain control of NCB. Taking into consideration the Completed Acquisitions, the average transacted price for the past purchases of NCB Shares and the Proposed Acquisition are computed as shown below:

Date acquired	Vendor	No. of NCB Shares Transacted	Total Consideration (RM)	Transacted Price (RM)
2 December 2014	MISC	73,991,679	221,975,037	3.00
19 June 2015	PKA	25,000,000	86,250,000	3.45
21 July 2015	KWAP	42,677,600	186,501,112	4.37
19 October 2015*	PNB and ART	251,195,573	1,105,260,521	4.40
TOTAL		**392,864,852**	**1,599,986,670**	**4.07^**

Notes:

* *Assuming the date of announcement of the Proposed Acquisition as the completion date.*

^ *Average transacted price of RM4.07 is derived by dividing the total consideration by the total number of NCB Shares acquired / to be acquired.*

The average transacted price of RM4.07 per NCB Share ("**Average Transacted Price**") represents the following discounts or premiums to the last closing price and VWAPs of NCB Shares:

	NCB Share Price (RM)	Premium/(Discount) of the Average Transacted Price over NCB Share Price / VWAP (RM)	(%)
Up to the Last Trading Day/ LPD:			
Last closing price of NCB Share	4.40	(0.33)	(7.50)
5-day VWAP of NCB Shares	4.34	(0.27)	(6.22)
1-month VWAP of NCB Shares	4.29	(0.22)	(5.13)
3-month VWAP of NCB Shares	4.14	(0.07)	(1.69)
6-month VWAP of NCB Shares	3.71	0.36	9.70

Based on the table above, we note that the Average Transacted Price represents the following:

(i) a discount of between 1.69% and 7.50% to the last closing price, 5-day, 1-month and 3-month VWAPs of NCB Shares up to the Last Trading Day/ LPD; and

(ii) a premium of 9.70% over the 6-month VWAP of NCB Shares up to the Last Trading Day/ LPD.

The Purchase Consideration for the Proposed Acquisition at RM4.40 per NCB Share will in fact **be lowered** taking into consideration the Completed Acquisitions, which resulted in an effective average cost of acquisition of RM4.07 per NCB Share. Hence, we believe that the Proposed Acquisition offers an opportunity for MMC Group to take control of NCB at a reasonable discount based on the Average Transacted Price of RM4.07 over the last closing price, 5-day, 1-month and 3-month VWAPs of NCB Shares, and a premium based on the 6-month VWAP of NCB Shares as compared to the Purchase Consideration per NCB Share of RM4.40.

We also note from Section 2.2.3.1, Part A of this Circular, that based on precedent take-over transactions for the past two (2) years up to and including the last trading day where the offeror holds less than 50% in the offeree company prior to undertaking the respective take-over offer and does not intend to maintain the listing status of the target company, the premiums represented by the Purchase Consideration **are below** the respective average premiums offered based on the last closing price, 5-day, 1-month, 3-month and 6-month VWAPs of NCB Shares up to the Last Trading Day.

We set out below, the average, lowest and highest premium or discount represented by the offer price of the abovementioned precedent take-over transactions as extracted from Section 2.2.3.1, Part A of this Circular:

	Premium/ (Discount) based on last closing price(1) (%)	Premium/ (Discount) based on 5-day VWAP(1) (%)	Premium/ (Discount) based on 1-month VWAP(1) (%)	Premium/ (Discount) based on 3-month VWAP(1) (%)	Premium/ (Discount) based on 6-month VWAP(1) (%)
Low	(0.85)	(4.10)	(7.14)	(3.31)	(1.68)
High	43.80	43.80	47.89	59.09	81.03
Average	17.79	20.20	25.05	27.97	34.82
NCB	-	1.38	2.56	6.28	18.60

Note:

(1) Up to the last trading day prior to the respective announcements.

As illustrated in the table above, based on last closing price, 5-day, 1-month, 3-month and 6-month VWAP of NCB up to the Last Trading Day, it appears that the average premium of the Proposed Acquisition range from 0.00% to 18.60% as compared with the recent precedent take-over transactions where the premium range were **significantly higher** from 17.79% to 34.82%.

As such, premised on the above, we are of the opinion that the Purchase Consideration, taking into consideration the lower Average Transacted Price of RM4.07 and the lower take-over premiums as compared to the precedent take-over transactions, is considered fair and reasonable.

6.2.2 Fair valuation of NCB

The principal activities of NCB are investment holding and the provision of management services to its subsidiaries. The two (2) major business segments of the NCB Group are port operations and logistic operations. The port operations segment engages in the management of port activities which comprises the provision of container handling services, storage, stevedoring and other ancillary services. The logistics operations segment is involved in the haulage of containers, warehousing and provision of freight forwarding services which covers four main regions in Malaysia namely Klang Valley, Penang, Johor and Kuantan.

After taking into consideration the profile of the NCB Group and various valuation methodologies, we consider it appropriate to use the relative valuation approach, which involves the use of PE, PB and EV/EBITDA methods in comparing the valuation of NCB Group against its peer companies. Generally, relative valuation approach is used to provide an indication of market expectations on the valuation of companies and gauge how a company is valued as compared to its peers. Description of PE, PB and EV/EBITDA methods are set out below:

Relative valuation method	Description
PE	PE is a valuation metric which compares a company’s market value against its net profit attributable to shareholders. It can be useful to compare company’s PE to that of its peers to gauge how richly the company is valued relative to its peers as a higher PE would generally mean that investors are more willing to pay for a dollar’s worth of earnings from the company.

Relative valuation method	Description
PB	PB is a valuation metric which compares the company's market value to its historical book value or NA. A PB of less than one (1) time would mean that the market value accorded to the company is less than its NA and may therefore indicate that the company is undervalued.
EV/EBITDA	EV/EBITDA is a valuation metric which compares the total value of a company, i.e. EV, to its EBITDA. EBITDA represents its cash profits by excluding non-cash item such as depreciation and amortisation as well as their tax structure, finance cost and interest income. A lower EV/EBITDA can be indicative of an undervaluation of a company.

We wish to emphasise that by using the relative valuation approach, we are essentially establishing a value for the businesses under review against the valuation benchmark exhibited by comparable companies for the NCB Group ("**Comparable Companies**"). We wish to highlight that the selected Comparable Companies may not be exactly similar or directly comparable to NCB Group in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, shareholders' profile, future prospects, business risks as well as marketability and liquidity of shares. However, we have used the valuation benchmark exhibited by the Comparable Companies (which is by no means exhaustive) given the similarity in their business structures, being companies which are engaged in port operations and logistic services, which could serve as a basis of current market expectation with regards to valuation of NCB. You should note that any comparison made in respect of the selected comparable companies merely serves as a basis for us to ascertain the fairness and reasonableness of the Proposed Acquisition.

We have selected the Comparable Companies based on companies which derive more than 70% revenue and profit from port operation and logistics business.

Although NCB owns a concession business, we have not used the discounted cashflow ("**DCF**") method in deriving the fair value of NCB. A DCF method takes into consideration both the time value of money and the future stream of cashflows over a period of time. The future stream of cashflows is derived based on bases and assumptions which includes revenue, operating cost, capital expenditure and financing requirements. NCB is currently undergoing a rationalisation exercise to put in place an effective operational structure. Hence it would not be meaningful to use a DCF method of valuation as the effects of the rationalisation exercise cannot be reasonably determined at this juncture.

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The list of Comparable Companies which are listed on the Bursa Securities together with the brief description of their principal activities is as follows:

Comparable Companies	Principal activities	FYE	Share price[(1)] (RM)	Market capitalisation[(2)] (RM' million)	EV[(3)] (RM' million)	Adjusted profit attributable to shareholders[(4)] (RM' million)	Latest audited NA (RM' million)	Adjusted EBITDA[(5)] (RM' million)
Suria Capital Holdings Berhad ("**SCHB**")	SCHB is an investment holding and property development company. Through its subsidiaries, SCHB is engaged in provision and maintenance of port services and facilities, and the regulation and control of the management of ports, operation of ferry terminal, construction contractor, provision of project management and technical support services, distribution of port cargo handling equipment and related spare parts, provision of equipment maintenance services, and provision of bunkering and related services.	31.12.2014	2.21	624.8	711.5	52.3	848.3	122.7
Bintulu Port Holdings Berhad ("**BPHB**")	BPHB is an investment holding company. Through its subsidiaries, it is engaged in development and provision of port services, and bulking installation facilities for palm oil, edible oils, vegetables oils, fats and its by-products.	31.12.2014	6.85	3,148.8	2,941.7	143.0	1,104.7	354.7
Westports Holdings Berhad ("**WHB**")	WHB is principally engaged in investment holding activities and provision of management services to its subsidiaries. Through its subsidiaries, it is engaged in port development and management of operations.	31.12.2014	4.30	14,665.0	15,370.5	523.8	2,204.3	802.3
NCB	The principal activities of NCB are investment holding and the provision of management services to its subsidiaries. The two (2) major business segments of the NCB Group are port operations and logistic operations.	31.12.2014	4.40	2,069.1	2,193.0	27.5	1,404.6	126.2

(Source: Bloomberg and the latest annual reports of NCB and the respective Comparable Companies)

Notes:

(1) 5-day VWAP of the respective Comparable Companies up to and including the Last Trading Day. We have assumed the Purchase Consideration per NCB Share as the share price of NCB.

(2) Being the market capitalisation computed based on the 5-day VWAP up to and including the Last Trading Day and the number of shares in issue of the respective Comparable Companies. Market capitalisation of NCB is computed based on the Purchase Consideration per NCB Share multiplied by the number of NCB Shares in issue.

(3) EV = Market capitalisation + preferred equity + non-controlling interests + total borrowings – cash and cash equivalents. The total borrowings and cash and cash equivalents are based on the latest audited financial statements of the respective companies. In arriving at the EV of NCB, the market capitalisation of NCB is computed based on the Purchase Consideration per NCB Share multiplied by number of NCB Shares in issue.

(4) Adjusted profit attributable to shareholders is derived by excluding one-off gains and losses net of tax impact (computed using the effective tax rate) from the latest audited profit attributable to shareholders.

(5) Adjusted EBITDA is derived by excluding one-off gains and losses, finance cost, interest income, depreciation expense and amortisation cost from the profit before tax based on the latest audited financial statements of the respective companies.

The PE, PB and EV/EBITDA multiples of the Comparable Companies are as follows:

Comparable Companies	Share price[1]	Adjusted EPS[2]	PE multiple[3]	NA per share[4]	PB multiple[5]	EV per share[6]	Adjusted EBITDA per share[7]	EV/EBITDA multiple[8]
	(RM)	(RM)	(times)	(RM)	(times)	(RM)	(RM)	(times)
SCHB	2.21	0.1847	11.97	2.9940	0.74	2.5111	0.4332	5.80
BPHB	6.85	0.3108	22.04	2.4015	2.85	6.3949	0.7711	8.29
WHB	4.30	0.1536	27.99	0.6464	6.65[9]	4.5075	0.2353	19.16
Adjusted average[10]			**20.67**		**1.80**			**11.08**
High			27.99		2.85			19.16
Low			11.97		0.74			5.80
Average – including outlier			20.67		3.41			11.08
NCB	**4.40[11]**	**0.0585**	**75.21**	**2.9869**	**1.47**	**4.6635**	**0.2683**	**17.38**

(Source: Bloomberg and the latest annual reports of NCB and the respective Comparable Companies)

Notes:

(1) Based on the 5-day VWAP up to and including the Last Trading Day.
(2) Computed based on the adjusted profit attributable to the shareholders (as derived above) divided over the number of shares in issue of the respective companies.
(3) Computed based on the share price over the adjusted EPS.
(4) Computed based on the latest audited NA attributable to the shareholders divided over the number of shares in issue of the respective companies.
(5) Computed based on the share price over the NA per share.
(6) Computed based on the EV (as derived above) divided over the number of shares in issue of the respective companies.
(7) Computed based on the adjusted EBITDA (as derived above) divided over the number of shares in issue of the respective companies.
(8) Computed based on the EV per share over the adjusted EBITDA per share.
(9) Denotes outlier being excluded from the computation of the simple average, high and low of the respective multiples set out above. Outlier is determined based on extreme deviation from the simple average.
(10) Excluding outlier.
(11) Purchase Consideration per NCB Share.

PE Analysis

As set out in the above table, the PE multiple of NCB based on the adjusted profit attributable to the shareholders for the FYE 31 December 2014 and Purchase Consideration is 75.21 times, which is above the PE range of the Comparable Companies of between 11.97 times and 27.99 times. At the average PE multiple of 20.67 times and NCB's adjusted profit attributable to the shareholders for the FYE 31 December 2014 of RM27.53 million, the implied valuation of NCB is RM569.05 million, representing RM1.21 per NCB Share. As the Purchase Consideration of RM4.40 is above the valuation of RM1.21 per NCB Share, the Purchase Consideration is considered not fair from the perspective of PE analysis.

Nevertheless, taking into consideration that the NCB's audited NA for the FYE 31 December 2014 is RM2.99 per NCB Share, the valuation of RM1.21 is 59.5% below the NA per share. As such, we are of the view that the valuation of RM1.21 per NCB Share derived using the PE method will not be a fair and accurate representation of the fair value of NCB Share. Moreover, for a port operator like NCB, its asset size can be an important driver of future potential earnings and would determine the scale of operating activities, financing activities and investment activities for the port operator to undertake.

Further, we note that the significantly higher PE multiple of NCB is due to the volatility of the financial results of NCB's logistics operations which have been undergoing a rationalisation exercise in order to lower its operating expenses. For your reference, we set out below the PE multiples derived using Purchase Consideration and financial results of NCB for the past FYE 31 December 2012, 2013 and 2014:

	FYE 31 December		
	2012	**2013**	**2014**
Adjusted profit attributable to shareholders[(1)] (RM' million)	122.5	48.7	27.5
Adjusted EPS[(2)] (RM)	0.2605	0.1035	0.0585
Purchase Consideration per NCB Share (RM)	4.40	4.40	4.40
PE[(3)] (times)	**16.89**	**42.51**	**75.21**

Notes:

(1) Adjusted profit attributable to shareholders is derived by excluding one-off gains and losses net of tax impact (computed using the effective tax rate) from the audited profit attributable to shareholders of NCB for the respective financial years.
(2) Computed based on the adjusted profit attributable to the shareholders divided over the number of shares in issue of NCB.
(3) Computed based on the share price over the adjusted EPS.

As shown above, the PE multiples derived using the Purchase Consideration and the financial results of NCB for the past FYE 31 December 2012 to 2014 range from 16.89 times to 75.21 times in comparison to the PE multiples range of the Comparable Companies of between 11.97 times and 27.99 times. The PE multiples range of NCB stated above is comparatively higher when compared to the PE multiples range of the Comparable Companies which indicates that the Purchase Consideration is not fair.

PB Analysis

Based on the above table, the PB multiple of NCB based on the Purchase Consideration of 1.47 times is below the average PB multiples of the Comparable Companies of 1.80 times, but within the PB multiples range of the Comparable Companies of between 0.74 times and 2.85 times. With the average PB multiple of 1.80 times and NCB's audited NA for the FYE 31 December 2014, we establish a fair valuation range for NCB, as detailed below:

	Low Range	**High Range**
PB adopted(1) (times)	1.62	1.98
NA (RM' million)	1,404.61	1,404.61
Implied valuation (RM' million)	2,275.47	2,781.13
Number of NCB Shares in issue(2) (million)	470.25	470.25
Fair value per NCB Share (RM)	**4.84**	**5.91**

Notes:

(1) Based on the PB multiples range of the Comparable Companies, as derived from the above analysis, we applied a discount and premium of 10% each on the average PB multiple of the Comparable Companies of 1.80 times to arrive at the Low Range of 1.62 times and the High Range of 1.98 times, respectively.

(2) As at Last Trading Day.

As shown above, based on the PB multiples range of between 1.62 times and 1.98 times, the implied valuation of NCB is between the range of RM2.28 billion to RM2.78 billion. This in turn translates to a fair value which ranges between RM4.84 and RM5.91 per NCB Share. We noted that the Purchase Consideration per NCB Share of RM4.40 represents discounts of 9% and 26% to the Low Range of RM4.84 and the High Range of RM5.91 per NCB Share, respectively. The Average Transacted Price of RM4.07 per NCB Share also represents higher discounts of 16% and 31% to the Low Range of RM4.84 and the High Range of RM5.91, respectively. As both the Purchase Consideration per NCB Share and the Average Transacted Price are **below the valuation range of RM4.84 and RM5.91**, the Purchase Consideration is fair from the perspective of PB analysis.

EV/EBITDA Analysis

Based on the above table, the EV/EBITDA of NCB based on the Purchase Consideration of 17.38 times is above the average EV/EBITDA of 11.08 times, but within the EV/EBITDA range of the Comparable Companies of between 5.80 times and 19.16 times. With the average EV/EBITDA multiple of 11.08 times and NCB's adjusted EBITDA for the FYE 31 December 2014 of RM126.15 million, the implied valuation of NCB is RM1,273.81 million (after deducting total debt of RM580.91 million and adding cash and cash equivalent of RM456.98 million), representing RM2.71 per NCB Share. As the Purchase Consideration per NCB Share of RM4.40 is above the valuation of RM2.71 per NCB Share, the Purchase Consideration is considered not fair from the perspective of EV/EBITDA analysis. However, taking into consideration that the NCB's audited NA for the FYE 31 December 2014 is RM2.99 per share, we are of the view that the valuation of RM2.71 per NCB Share derived using the EV/EBITDA method will not be a fair and accurate representation of the fair value of NCB Share.

Valuation Summary

Based on the above three (3) relative valuation methods used, we consider the PB method as the most appropriate valuation method given the circumstances in arriving at the valuation of NCB after taking into consideration the following:

(i) For a port operator like NCB, the NA size can be an important driver of future potential earnings and hence its valuation given that the size of the NA would, amongst others, determine the scale of operating activities, financing activities and investment activities for the port operator to undertake. Higher NA suggests more port-related infrastructure, plants, machineries and facilities set up or in the process of being set up to cater for the demand of the customers, which in turn drives current and future potential earnings. Port operations typically requires substantial amount of investments due to the nature of its business. For your information, based on NCB's latest audited financial statements for the FYE 31 December 2014, approximately 59% of NCB's total assets is represented by marine craft, plant and machinery, building and port related infrastructure. On this basis, the PB method which relies on the NA of the company to estimate its valuation is more suitable to be adopted in deriving the fair valuation of NCB. On the contrary, the PE or EV/EBITDA method which uses earnings and disregard the investments used in deriving the earnings is not the most suitable and accurate method of valuation for a port operator; and

(ii) Financial results of NCB have been volatile as NCB is undergoing a rationalisation exercise. Audited profit after tax of NCB has decreased from RM125.75 million in FYE 31 December 2012 to RM51.68 million in FYE 31 December 2013 by 59% and then to RM27.86 million in FYE 31 December 2014 by 46%. We noted that the decrease in NCB's audited profit after tax from FYE 31 December 2012 to FYE 31 December 2014 was amongst others, attributable to high initial start-up cost incurred by KN, cost increase and higher operating expenditures. In spite of the significant decrease in profit after tax for the past 3 financial years, NCB's unaudited profit after tax for the nine (9)-month FPE 30 September 2015 has improved significantly by 461% to RM29.54 million, as compared to RM5.27 million for the preceding period. NCB's adjusted profit attributable to shareholders for the last twelve (12) months trailing to 30 September 2015, which is the preceding four (4) quarters' financial results up to 30 September 2015 ("**LTM**"), is RM38.47 million. Based on the average PE multiple of the Comparable Companies of 20.67 times and the LTM adjusted profit attributable to shareholders of RM38.47 million, the implied valuation of NCB is RM795.17 million. This translates to RM1.69 per NCB Share, an increase by RM0.48 or 40% from the valuation of RM1.21 per NCB Share based on NCB's adjusted profit attributable to shareholders for the FYE 31 December 2014.

Given the volatility of NCB's financial results, PE and EV/EBITDA method may not give a fair and accurate representation of its value as compared to the book value which is more stable and therefore the PB method is the most suitable method to be used for valuation of NCB. Hence, based on the valuation of NCB derived using the PB method, we are of the opinion that the Purchase Consideration is fair.

We also note from Section 2.2.3.2, Part A of this Circular, that Selected Comparable Companies, have been used to perform PB and EV/EBITDA multiple analysis. As compared to the Comparable Companies, the Selected Comparable Companies include overseas companies which are listed in foreign stock exchanges and operate ports in countries other than Malaysia. Based on the PB and EV/EBITDA multiple analysis as set out in Section 2.2.3.2, Part A of this Circular, we note the following:

(i) PB multiple of NCB based on the Purchase Consideration of 1.47 times is below the average PB multiples of the Selected Comparable Companies of 2.99 times, and within the PB multiples range of the Comparable Companies of between 0.96 times and 8.25 times; and

(ii) EV/EBITDA multiple of NCB based on the Purchase Consideration of 17.84 times is above the average EV/EBITDA multiples of the Selected Comparable Companies of 15.66 times, but within the EV/EBITDA multiples range of the Comparable Companies of between 10.47 times and 21.62 times.

We wish to highlight that applying the average PB multiples of the Selected Comparable Companies of 2.99 times to the latest audited NA of NCB as at 31 December 2014 would imply a valuation of RM4.2 billion or RM8.93 per NCB Share, as shown below:

PB adopted (times)	2.99
NA (RM' million)	1,404.61
Implied valuation (RM' million)	4,199.78
Number of NCB Shares in issue (million)	470.25
Fair value per NCB Share (RM)	**8.93**

Both the Purchase Consideration per NCB Share of RM4.40 and the Average Transacted Price of RM4.07 are significantly lower than the implied value of RM8.93 per NCB Share, representing discounts of 51% and 54%, respectively.

Premised on the analysis of historical share price performance of NCB Shares and the fair valuation of NCB as set out in Sections 6.2.1 and 6.2.2, Part B of this Circular respectively, we are of the opinion that the Purchase Consideration is considered fair.

6.3 Historical financial performance of NCB

You are advised to give due consideration to the historical financial performance and commentaries on NCB in Section 6 of Appendix I, Part A of this Circular.

Our commentaries

Summarised in the table below is NCB's segmental historical profit / (loss) before tax

FYE / FPE	Port Operations Profit / (Loss) Before Tax RM'000	Logistics Segment Profit / (Loss) Before Tax RM'000
2012	197,363	(45,445)
2013	166,517	(73,154)
2014	75,450	(57,232)
Nine (9)-month FPE 30 September 2015	76,338	(27,217)

From the historical financial performance of NCB as shown in Section 6 of Appendix I, Part A of this Circular and the profit/(loss) from the port operations and logistics segment of NCB as shown above, we note that the financial performance of NCB has been significantly affected by the losses incurred by KN, which is its logistics operations. NCB's port operations and NCB's financial performance as a whole has gradually been registering a lower profit but still managed to sustain its overall profitability. Further detailed commentaries on the port and logistics operations are set out below:-

(i) Port Operations

We note that the port operations segment contributes approximately 70% of NCB's revenue. The revenue and profit before tax of NCB's port operations has been on the decline in the past three (3) financial years. However, for the nine (9)-month FPE 30 September 2015, the revenue, profit before tax and number of TEU containers handled had risen. For the nine (9)-month FPE 30 September 2015, NCB's port operations segment registered revenue of RM453.5 million, an increase of 8.3% against the previous year's corresponding period of RM418.6 million. The number of TEUs handled also increased to 2,085,377 TEUs compared to 1,888,272 TEUs in the prior year's corresponding period, representing a 10.4% increase as a result of the completion of Wharf 8A.

(ii) Logistics Segment

NCB's logistics operation contributes approximately 30% of NCB's revenue. The logistics segment has also been recording a decrease in revenue for the past three (3) financial years and an increasing loss before tax for the FYE 31 December 2012 and 2013. In 2014 however, the loss before tax narrowed by 21.8%. This was due to NCB's efforts of turning around the company by undertaking a rationalisation exercise involving implementing cost control measures, initiating operational improvements in critical areas such as reviewing and exiting long term contracts, business processes and unprofitable projects, and strengthening its financial management and reporting functions.

NCB Group is currently into its third year of its Five Year Business Plan, targeted at rebuilding KN. For the nine (9)-month FPE 30 September 2015, the logistics operations registered revenue of RM155.1 million, a decrease of 19.3% compared to RM192.3 million over the same period previous year. The continued decline in revenue was attributed to the lower than targeted scale of business activities from public and private sectors with the low oil prices which led to the decline in haulage business, and KN exiting from its unprofitable trucking business. The exiting from the trucking business by KN is part of NCB's plan to rationalise its revenue stream and deployment of assets, in an effort to turnaround KN.

However, in view of the internal changes which are still being implemented in KN as we mentioned in Section 6.6.3, Part B of this Circular below, the performance of NCB's logistics segment is expected to improve in the medium term to longer term.

6.4 Salient terms of the SPA

Our commentaries on the salient terms of the SPA, which are extracted from Section 2.2.2, Part A of this Circular, are as follows:

Salient terms of the SPA	HLIB's comments
Sale and purchase of the securities	
(i) Subject to the terms of the SPA, the Purchaser shall purchase, and the Vendors shall jointly and severally sell the Purchase Shares free of any encumbrance to the Purchaser, at the Purchase Consideration.	We note that this term serves to protect the interest of the Purchaser as the Sale Shares to be acquired will be free from all encumbrances and with all rights, benefits and entitlements attaching thereto accruing as at the date of the SPA, hence is deemed reasonable.
(ii) Upon execution of the SPA, the Purchaser shall pay a sum of RM110,526,052.12 constituting 10% of the Purchase Consideration ("**Deposit**") to RHB Trustees Berhad ("**Stakeholder**") as stakeholder to deal with the Deposit in the manner and in accordance with the terms set out in the SPA. The Deposit shall be treated as part payment of the Purchase Consideration in accordance with the terms of the SPA.	This payment term is reasonable as it is a general commercial term to pay a 10% deposit upon execution of the SPA which represents the commitment of the Purchaser in effecting the Proposed Acquisition.

Salient terms of the SPA	HLIB's comments
Condition Precedent	
The SPA is conditional upon and subject to the approval of the shareholders of MMC in a general meeting approving the Proposed Acquisition on the terms contained therein ("**Condition Precedent**"), being obtained by MMC on or before the expiry of three (3) months from the date of the SPA or such later date as the parties may mutually agree in writing.	This condition is customary to facilitate the completion of the Proposed Acquisition. This is a reasonable term.
The obligations of the parties to complete the sale and purchase of the Purchase Share shall become unconditional on the date when the Condition Precedent has been fulfilled ("**Unconditional Date**").	This term is reasonable as the SPA can only be completed once the parties have fulfilled their respective conditions.
Completion	
(i) The sale and purchase of the Purchase Shares shall be completed by way of a DBT in accordance with the Rules of Bursa Securities and in accordance with the provisions of the SPA.	We note that this clause is reasonable as the Proposed Acquisition shall be deemed completed with NCB Shares held by the Vendors being transferred to the Purchaser through a DBT in accordance with Rule 10.06 of Bursa Securities.
(ii) The parties shall within three (3) business days after the Unconditional Date notify the Stakeholder in writing to release the Deposit to the Purchaser's stockbroker by no later than 11.00 a.m. on a date which falls five (5) business days after the Unconditional Date or such other date as the parties may mutually agree in writing ("**Pre-Completion Date**") in the manner set out in Section 2.2.2(c)(iii)(3) Part A of this Circular. The Purchaser shall at the same time issue written instructions to its stockbroker to apply the Deposit received by its stockbroker from the Stakeholder in part payment of the Purchase Consideration on the Pre-Completion Date.	This term is reasonable so as to give sufficient time to effect the payment for the Purchase Consideration.
(iii) All of the following business shall be transacted on the Pre-Completion Date: (1) the Vendors, by no later than 11.00 a.m., shall: (A) issue same day irrevocable written instructions to their stockbroker(s) to execute sale contracts to effect the transfer of the Purchase Share to the Purchaser's securities account; and	These terms are needed so as to give sufficient time to facilitate the completion of the Proposed Acquisition.

Salient terms of the SPA	HLIB's comments
(B) procure their stockbroker(s) to report the transactions as a DBT in accordance with Rule 10.06 of the Rules of Bursa Securities; (2) the Purchaser, by no later than 11.00 a.m., shall: (A) issue same day irrevocable written instructions to its stockbroker to execute purchase contracts to effect the transfer of the Purchase Shares to the Purchaser's securities account; and (B) procure its stockbroker to report the purchase of the Purchase Shares as a DBT in accordance with Rule 10.06 of the Rules of Bursa Securities; and (3) the Stakeholder, by no later than 11.00 a.m., shall release the Deposit to the Purchaser's stockbroker.	
(iv) The Purchaser shall make sufficient funds available to its stockbroker by no later than 11.00 a.m. on the Pre-Completion Date to enable the balance of the Purchase Consideration amounting to RM994,734,469.08 to be paid to the Vendors' stockbroker(s) at completion and simultaneously, the Stakeholder shall release the Deposit to the Purchaser's stockbroker in accordance with Section 2.2.2(c)(iii)(3) Part A of this Circular. Subject to completion of the sale and purchase of the Purchase Shares in accordance with the terms of the SPA, the profit accrued on the Deposit shall be released by the Stakeholder to the Purchaser upon receipt of a written instruction from the parties, the instruction of which shall be similar in the format to be mutually agreed by the parties and may be signed in counterparts by the parties.	This is a reasonable term as the balance of the Purchase Consideration would need to be paid prior to the Completion Date.
(v) Completion of the sale and purchase of the Purchase Shares shall be deemed to occur three (3) business days after the Pre-Completion Date at the time the Purchaser's securities account is credited with the Purchase Share and the Vendors' stockbroker's account has been credited with the Purchase Consideration.	This term is fair as the Proposed Acquisition will only be deemed completed once the Purchase Shares are credited into the Purchaser's securities account.

Salient terms of the SPA	HLIB's comments
(vi) The parties shall not be obliged to complete the sale and purchase of the Purchase Shares unless the sale and purchase of all the Purchase Shares are completed simultaneously.	This term is fair as it requires both the Purchaser and the Vendors to complete the SPA simultaneously.
Termination	
(i) The Purchaser, MMC or any of the Vendors (the "**Non-Defaulting Party**") may prior to the transactions referred to in Section 2.2.2(c)(iii), Part A of this Circular being carried out on the Pre-Completion Date, terminate the SPA by giving immediate written notice to the other party, being the other Vendors or the Purchaser as the case may be (the "**Defaulting Party**"), upon any breach by the Defaulting Party of its obligations thereunder and such breach, if capable of remedy, is not cured within a period of one (1) business day after the Defaulting Party's receipt of notice from the Non-Defaulting Party requesting it be remedied.	Such termination clause is reasonable as it protects the interest of the Non-Defaulting Party.
(ii) If the SPA is terminated by any of the Vendors pursuant to Section 2.2.2(d)(i) Part A of this Circular, the Deposit shall be absolutely forfeited to the Vendors as agreed liquidated damages in consequence of the Purchaser's breach of its obligations under the SPA, whereupon the parties shall immediately instruct the Stakeholder in writing, the instruction of which shall be similar in the format to be mutually agreed by the Parties and may be signed in counterparts by the parties, to immediately release and pay the respective portion of the Deposit as stipulated in the SPA together with all profit accrued thereon to each Vendor.	We note that this clause outlines the rights of the Vendors to terminate the SPA in the event of any breach of material obligations take place. Such termination clause is reasonable as the Vendors shall forfeit the deposit as a result of breach of representations and warranties given by the Purchaser to the Vendors under the SPA.
(iii) If the SPA is terminated by the Purchaser pursuant to Section 2.2.2(d)(i) Part A of this Circular, upon such termination, the parties shall immediately instruct the Stakeholder in writing, the instruction of which shall be similar in the format to be mutually agreed by the parties and may be signed in counterparts by the parties, to refund the Deposit together with all profit accrued thereon to the Purchaser and the Vendors shall be liable to pay a sum equivalent to the Deposit as agreed liquidated damages to the Purchaser within seven (7) business days from the date of such termination, failing which the Vendors shall be further liable to pay late	Such termination clause is reasonable as the Purchaser shall have the right to the refund of deposit with interest as a result of breach of representations and warranties given by the Vendors to the Purchaser under the SPA. As such, the terms are fair and reasonable for MMC.

Salient terms of the SPA	HLIB's comments
payment interest based on the prevailing fixed deposit rate published by Malayan Banking Berhad from time to time calculated on daily basis from the due date of payment to the date of actual payment thereof.	
(iv) Neither party may terminate the SPA after the transactions referred to in Section 2.2.2(c)(iii) Part A of this Circular have been carried out by the parties but the inability to terminate the SPA shall be without prejudice to the Non-Defaulting Party's right to recover damages for any antecedent breach of the Defaulting Party.	Such termination clause is common and reasonable to the Non-Defaulting Party.

Based on our review of the abovementioned salient terms, we are of the view that the salient terms and conditions of the SPA in relation to the Proposed Acquisition is considered reasonable and not detrimental to the Non-Interested Shareholders.

6.5 Financial effects of the Proposed Acquisition

We note the following from Section 9, Part A of this Circular:-

(i) The Proposals will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of MMC as the Purchase Consideration and the consideration for the Proposed MGO will be satisfied entirely in cash.

(ii) The Proposals are not expected to have any material effect on the audited consolidated NA and NA per share of MMC.

The consolidated gearing of MMC will increase in view that the consideration for the Proposals will be fully satisfied via bank borrowings.

(iii) The Completed Acquisitions and the Proposals are expected to contribute positively to the earnings and EPS of the enlarged MMC Group for the financial year ending 31 December 2016 and in the longer run in view of the prospects of the NCB Group as set out in Section 6 of Part A of this Circular.

Our commentaries

We note that the Proposed Acquisition amounting to RM1,105,260,521.20 will be fully funded via bank borrowings. The net gearing ratio of MMC as illustrated in the proforma in Section 9.2, Part A of this Circular post Completed Transactions as at 21 July 2015 is 0.68 times. The Proposed Acquisition would increase the net gearing ratio of the Company slightly to 0.81 times as a result of the Company funding the Proposed Acquisition fully by bank borrowings.

Upon completion of the Proposed Acquisition and as a result of the increase in borrowings, MMC Group's future earnings may be impacted by the higher financing cost. Although NCB's earnings would be consolidated with MMC's, the earnings of NCB would still be insufficient to outweigh the financing cost incurred by MMC for the Proposed Acquisition. As a result, the EPS of MMC would be reduced. Based on the Purchase Consideration, assuming MMC's financing cost of approximately 6%, the interest incurred to fund the Proposed Acquisition is approximately RM66.3 million per year as compared to NCB's estimated annualised earnings attributable to MMC for FYE 31 December 2015 of approximately RM32.9 million based on the latest unaudited quarterly financial results of NCB for the nine (9)-month FPE 30 September 2015. For illustrative purposes, the difference between the financing cost and NCB's estimated annualised earnings attributable to MMC for FYE 31 December 2015 of RM33.4 million represents 1.74% of MMC's proforma earnings of RM1.91 billion taking into consideration the Completed Transactions, the Proposed Acquisition and the Proposed MGO, as set out in Section 9.3, Part A of this Circular.

Premised on the above, we are of the view that save for the gearing of the Company which will increase, and the proforma earnings which will be reduced by RM33.4 million as explained above, the financial effects of the Proposed Acquisition is not expected to have any detrimental impact on the financial performance of MMC due to the immaterial effects on the earnings resulting from the increase in finance cost, and also not detrimental to the interest of the Non-Interested Shareholders.

6.6 Industry overview and prospects

The future performance of NCB which comprises of port services and logistics services are dependent on, inter-alia, the overview and outlook of the Malaysian economy and the ports and logistics subsector in Malaysia. We have considered Section 7, Part A of this Circular and our comments are as follows:

6.6.1 Overview and prospects of the Malaysian and global economy

Our commentaries

Based on the overview and outlook of the Malaysian economy as mentioned in Section 7.1, Part A of this Circular, we are of the view that the prospects of the Malaysian economy are expected to be in a more challenging environment due to external uncertainties. Domestic demand will remain the key driver of growth supported by private sector expenditure. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors.

We are of the view that the global outlook is relatively uncertain. Growth in advanced economies is projected to be more gradual with a growth of 2.4% projected for 2016. The unexpected weakness in North America, which accounts for the lion's share of the growth forecast revision in advanced economies, is likely to prove a temporary setback. In the emerging markets and developing economies, growth is projected to slow from 4.6% in 2014 to 4.2% in 2015 but increase to 4.7% in 2016.

(Source: International Monetary Fund World Economic Outlook, July 2015 Update)

6.6.2 Overview and outlook of the ports and logistics subsector in Malaysia

Our commentaries

Premised on the overview and outlook of the ports and logistics subsector as mentioned in Section 7.2, Part A of this Circular, the prospects of the ports and logistics subsector, particularly in the port and container operations are expected to remain positive.

Further to that, we note that Singapore is currently ranked as the second largest port in the world in terms of TEU handling. While Singapore is ranked first in Southeast Asia in terms of logistics connectivity, and the second largest in terms of TEU handlings, space constraint is hampering its expansion. Currently, the ports in Singapore have a total capacity of roughly 40 million TEUs. In 2014, Singapore handled a total of about 33.55 million TEUs of containers. Nevertheless, Singapore is expected to increase its capacity to 50 million TEUs with the completion of new terminals by the end of 2017. We are of the view that NCB should still be able to expand as Malaysia is a good alternative to the Ports of Singapore. Malaysia will benefit as Malaysia has the strategic location, ample land and good infrastructure to be an important logistics hub in this region as well.

Besides that, in 2013, China launched a "One Belt One Road" initiative, connecting China with Europe and every country in-between, which covers Africa, Southeast Asia and Europe through land-based Silk Road Economic Belt and the 21st Century Maritime Silk Road, aimed at improving trade by creating new trading routes, links and business opportunities with China.

The Straits of Malacca is strategically located along the "21st Century Maritime Silk Road". With this, Malaysia would have more trade connectivity to China and the rest of the world. Currently, Malaysia is already China's largest trading partner in ASEAN, and the third largest in Asia. Similarly, China is also Malaysia's largest trading partner. Implementation of this initiative has just begun in 2015 and if successful, will increase trade in the region and will definitely require more port services which will benefit both MMC and NCB.

We note from the above that despite the moderate domestic economic outlook, there continues to be sustained demand for ports and logistics services. Therefore, we are of the view that the ports and logistics subsector in Malaysia will continue to expand and will benefit from the strategic location and China's newly launched initiatives.

6.6.3 Prospects of the NCB Group

Our Commentaries

We take note of the prospects of the NCB Group from Section 6, Part A of this Circular, and also from Section 5.1, Part A of this Circular that the rationale of this Proposed Acquisition is in line with the initiative of the Board to make further strategic investment in MMC's core business of ports and logistics division which will help in maintaining its position as a key player in the ports industry in Malaysia as well as providing a good opportunity for MMC Group to further strengthen its foothold in NCB, an established company in the port and logistics industries.

The Proposed Acquisition will be strategic as it expands the presence of MMC's port business from the south to the west of Peninsular Malaysia. In addition, through the Proposed Acquisition, MMC may be able to capture operational and cost synergies, which would further enhance the financial performance of the ports and logistics business division.

Further, we note from the recent announcement by NCB that the PKA has approved a 30% tariff hike, to be implemented in two phases. The first phase will take effect on 1st November 2015, and the second phase will be in September 2018. The tariff hike of about 15% for each of the phases, which involves the following charges:

(i) terminal handling charges for laden, empty, transhipment, re-stow and terminal handling charges for dangerous goods containers;
(ii) storage for import laden containers;
(iii) storage for out of gauge containers; and
(iv) uncontainerised charges.

This tariff hike would therefore benefit the company more in the medium to long term as NCB would be able to impose higher container terminal handling charges for import, export, transhipment, shifting and re-stowing, storage charges for containers and handling charges for conventional cargo and negotiate new contracts based on the new tariffs. This would in turn increase the revenue of NCB and would have a positive financial impact to NCB in the medium term.

Furthermore, NCB has commenced on the upgrading of Wharf 8 in August 2015, and it is expected to be completed in 24 months. Upon the completion of this upgrading, combined together with Wharf 8A which commenced its business in December 2013, it would have a total length of 563 metres and depth alongside of 17 meters, meeting the prerequisites of the large vessels. This would enable NCB to accommodate bigger than 19,000 TEUs sized vessel. Upon the completion of Wharf 8 construction which is expected to be in the year 2017, NCB's total annual container handling capacity is anticipated to increase by about 11% to approximately 6.2 million TEUs from 5.6 million TEUs presently.

For the logistics operations segment of NCB, the company is still undergoing internal changes and improvement, to put in place an effective operational structure as well as expanding and redeploying its assets and infrastructure effectively. This involves focusing on the core businesses of KN such as haulage, warehousing and freight forwarding as well as improving asset utilisation by quick deployment of assets between branches. This is noticeable that during 2014, KN had exited from the trucking business, continued rationalisation or right-sizing of the workforce and continued with cost management controls. Therefore, the performance of KN should continue to improve over the coming few years. The management is still positive that with this, KN would be able to return to the black by the end of the FYE 2016.

Going forward, the prospects of NCB are expected to be favourable taking into consideration, amongst others, the positive outlook of the ports and logistics industry as reflected by the stronger port activities, initiatives taken to enhance port operations, cargo clearance and container services in the future, and revised container tariff. Premised on these, we are of the opinion that the future prospects of NCB are expected to be encouraging and that the Proposed Acquisition would further improve the overall financial performance of the MMC Group in the future. Notwithstanding the above, there remains a drawback stemming from the uncertain external economic environment, which may inevitably extend downward pressure on the Malaysian economy, thus, affecting the overall business sentiment.

6.7 Risk factors

You are advised to give due and careful regard to the risk factors as mentioned in Section 8, Part A of this Circular.

Our commentaries

The Group is not likely to assume any new business risk as the Group is already involved in the port and logistics business. Furthermore, NCB is currently an associate of the Company. In addition to the risks that have been highlighted in Part A of this Circular, the Non-Interested Shareholders should also carefully consider the following risk factors (which may not be exhaustive):

(i) Dependence on government concession

Part A of this Circular has highlighted the risk of termination of concession by the authorities. We would also like to emphasise that if the core business of NCB at the end of the concession period in 2043 is still on port operations, the consequence of the Federal Government not renewing the concession or not granting the licence to Northport to continue to provide port facilities and services and operate the container handling business at North Port and Southpoint, will be similar to the risk of termination of concession as mentioned in Part A of this Circular.

(ii) Financing requirements for the expansion of NCB

As mentioned in Section 8.1, Part A of this Circular, NCB faces a competitive landscape in the ports industry. The competition faced by NCB is not only from the ports in Malaysia, but also from Singapore, which is ranked the second largest port in the world and from the surrounding Asian region. As mentioned in Section 6.6.2, Part B of this Circular, Singapore is increasing its capacity from 40 million TEUs to 50 million TEUs in 2017.

In order to stay competitive, NCB may need additional capital expenditure to add on more berths or upgrade existing berths, and to increase container handling capacity. Failing to do so might result in NCB losing its competitive edge.

(iii) Risk of construction and cost overruns and delay

Port construction activities such as wharf expansion or construction of new wharfs are specialised in nature and the conditions for construction may be affected by weather, sea conditions, availability of specialised equipment, contractors' track record and expertise, costs of materials and labour supply. This could result in a time extension and potential cost overruns in the proposed construction activities.

Northport has experienced personnel managing the construction works as it had undertaken and completed similar nature of works in the past which had been completed on time and with minimum interruption to its existing operations. Further, the construction works will be carried out by contractors with qualified and proven track record after passing through strict and transparent tender processes. Northport constantly monitors contractors' performances closely, to ensure works are carried out on a timely and cost-efficient basis. Apart from that, Northport also engages independent project consultants to monitor the development projects.

(iv) Regulations on tariffs

Ports operators located in Port Klang are regulated under the Port Klang Authority Scale of Rates Dues and Charges By-Laws 2012. As such, they are bound by the Port Klang Authority Scale of Rates Dues and Charges By-Laws 2012 which prohibits any port operator from charging its customers above the published tariffs for regulated services rendered.

The risk of this to NCB is if there are an increase in operating expenses and capital expenses which are out of the company's control, the company will not be able to pass on the cost to their customers as the tariffs has been set by PKA.

However, the port operators may apply collectively to PKA to increase the existing scale of tariffs pursuant to Section 16A of Port Authorities Act 1963. Should there be any need for a tariff revision, Northport will ensure that regular communication and cordial relationships with the key stakeholders of North Port, Southpoint, port users at large and PKA are maintained.

We are of the view that as the MMC Group is already involved in the port and logistics business, some of the risk factors stated above already exist within the Group. We view the Proposed Acquisition as an expansion of MMC Group's existing business and not a diversification into a new business which carries new risks.

In addition to the above, there are risks that the anticipated benefits from the Proposed Acquisition as stated in Section 5.1, Part A of this Circular may not be realised. However, MMC would use its best efforts to take the following steps in ensuring that the benefits such as synergies, cost savings and economies of scale between the MMC Group and NCB is achieved:

(i) assessment and benchmark of NCB's current capabilities against other ports within MMC's portfolio which will enable improvement of port operations based on best practices;

(ii) deployment of expertise between ports within MMC's portfolio which will enable effective transfer of knowledge and skills;

(iii) implementation of shared services to optimise current resources, particularly in the support functions; and

(iv) coordination of sales and marketing efforts to offer broader solutions to current and potential clients.

We wish to highlight that although measures may be taken by the Board to attempt to limit such risk in relation to the Proposed Acquisition, no assurance can be given that such risk factors will not crystallise and give rise to material and adverse impact on the financial performance/position or prospects of the Group.

7. FURTHER INFORMATION

Non-Interested Shareholders are advised to refer to Part A of this Circular and the appendices thereof for further information in relation to the Proposed Acquisition.

8. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and our evaluation is set out in Section 6 of this IAL. Non-Interested Shareholders are advised to consider the merits and demerits of the Proposed Acquisition carefully based on all relevant and pertinent factors including those set out in this IAL and the Circular as well as other publicly available information prior to making a decision to vote on the ordinary resolution pertaining to the Proposed Acquisition.

In our evaluation of the Proposed Acquisition and in arriving at our opinion, we have taken into consideration various factors which are summarised as follows:-

Section in this IAL	**Area of evaluation**	**Comments**
Section 6.1	Rationale for the Proposed Acquisition	The rationale for the Proposed Acquisition is reasonable as the Proposed Acquisition:- (i) Serves as a good avenue for MMC to further expand its ports and logistics division by expanding and strengthening its presence from the south to the west of Peninsular Malaysia as well as strengthen its revenue base for its ports and logistics divisions. (ii) Creates synergistic effects on the performance of the enlarged MMC Group which are expected to improve the revenue, profitability and customer retention in the enlarged MMC Group. (iii) Achieves control of NCB and consolidate the entire financial performance of NCB as a subsidiary upon completion of the Proposed Acquisition, thus strengthening its presence and position in the west of Peninsular Malaysia.

Section in this IAL	Area of evaluation	Comments
Section 6.2	Basis and justification of arriving at the Proposed Acquisition	In assessing the fairness of the Purchase Consideration, we have considered the following factors: **(a) Historical Share Price Performance of NCB Shares;** The Purchase Consideration per NCB Share represents the following: (i) at par to the last closing price of NCB Shares on the Last Trading Day/ LPD; and (ii) a premium of between 1.38% and 18.60% over the last closing price, 5-day, 1-month, 3-month and 6-month VWAPs of NCB Shares up to the Last Trading Day/ LPD. The Completed Acquisitions during the past one (1) year, together with the Proposed Acquisition are steps taken by MMC to increase its shareholding in NCB in order to gain control of NCB. Taking into consideration the Completed Acquisitions, the Average Transacted Price is RM4.07 per NCB Share. The Average Transacted Price represents the following: (i) a discount of between 1.69% and 7.50% to the last closing price, 5-day, 1-month and 3-month VWAPs of NCB Shares up to the Last Trading Day/ LPD; and (ii) a premium of 9.70% over the 6-month VWAP of NCB Shares up to the Last Trading Day/ LPD. The Purchase Consideration for the Proposed Acquisition at RM4.40 per NCB Share will in fact be lowered taking into consideration the Completed Acquisitions, which resulted in an effective average cost of acquisition of RM4.07 per NCB Share. Hence, the Proposed Acquisition offers an opportunity for MMC Group to take control of NCB at a reasonable discount based on the Average Transacted Price of RM4.07 over the last closing price, 5-day, 1-month and 3-month VWAPs of NCB Shares, and a premium based on the 6-month VWAP of NCB Shares as compared to the Purchase Consideration per NCB Share of RM4.40. We also note from Section 2.2.3.1, Part A of this Circular, that based on precedent take-over transactions for the past two (2) years up to and including the last trading day where the offeror holds less than 50% in the offeree company prior to undertaking the respective take-over offer and does not intend to maintain the listing status of the target company, the premiums represented by the Purchase Consideration are below the respective average premiums offered based on the last closing price, 5-day, 1-month, 3-month and 6-month VWAPs of NCB Shares up to the Last Trading Day.

Section in this IAL	Area of evaluation	Comments
		(b) Fair Value of NCB: The two (2) major business segments of the NCB Group are port operations and logistic operations. After taking into consideration the profile of the NCB Group and various valuation methodologies, we consider it appropriate to use the relative valuation approach, which involves the use of PE, PB and EV/EBITDA methods in comparing the valuation of NCB Group against its peer companies. Among the above three (3) relative valuation method used, we consider the PB method as the most appropriate valuation method in arriving at the valuation of NCB. Based on the PB multiples range of between 1.62 times and 1.98 times, as derived by applying a discount and premium of 10% each on the average PB multiples of the Comparable Companies, and the NA of NCB, the implied valuation of NCB is between the range of RM2.28 billion to RM2.78 billion. As such, this translates to a fair value which ranges between RM4.84 and RM5.91 per NCB Share. We noted that the Purchase Consideration per NCB Share of RM4.40 represents discounts of 9% and 26% to the Low Range of RM4.84 and the High Range of RM5.91 per NCB Share, respectively. In addition, the Average Transacted Price of RM4.07 per NCB Share, as computed in Section 6.2.1, Part B of this Circular also represents higher discounts of 16% and 31% to the Low Range of RM4.84 and the High Range of RM5.91, respectively. Based on the latest audited NA of NCB as at 31 December 2014, the average PB multiples of the Selected Comparable Companies of 2.99 times, as computed in Section 2.2.3.2, Part A of this Circular, would imply a valuation of RM4.2 billion or RM8.93 per NCB Share. Both the Purchase Consideration per NCB Share of RM4.40 and the Average Transacted Price per NCB Share of RM4.07 are significantly lower than the implied value of RM8.93 per NCB Share, representing discounts of 51% and 54%, respectively.
Section 6.3	Historical financial performance of NCB	We note that the financial performance of NCB have been significantly affected by the losses incurred by KN, which is its logistics operations. However, its port operations continue to be profitable. Hence, NCB continues to register profitable results albeit at a lower quantum.
Section 6.4	Salient terms of the SPA	The salient terms of the SPA were mutually agreed between MMC and MMC Port and the Vendors and are generally reasonable, taken as a whole.
Section 6.5	Financial effects of the Proposed Acquisition	The Proposed Acquisition will not have any effects on the share capital and the substantial shareholders' shareholdings of MMC as the Purchase Consideration will be satisfied entirely in cash. The consolidated gearing of MMC will increase in view that the consideration for the Proposed Acquisition will be fully satisfied via bank borrowings.

Section in this IAL	Area of evaluation	Comments
		MMC's future earnings may be impacted by the higher financing cost.
Section 6.6	Industry outlook and prospects	The prospects of the ports and logistics subsector, particularly in the port and container operations are expected to remain positive. Despite the moderate domestic economic outlook, there continues to be sustained demand for ports and logistics services. Therefore, we are of the view that the ports and logistics subsector in Malaysia will continue to expand and will benefit from Malaysia's strategic location and China's newly launched initiatives.
Section 6.7	Risk factors	The risk factors in relation to the Proposed Acquisition include, amongst others, the dependence on government concession, financing requirements for the expansion of NCB, risk of construction and cost overruns and delay and regulations on port tariffs.

Premised on the above and our overall evaluation and assessment of the Proposed Acquisition based on information available to us up to the LPD, we are of the opinion that the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the Non-Interested Shareholders.

Accordingly, we recommend the Non-Interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Acquisition to the tabled at the forthcoming EGM.

Yours faithfully,
For and on behalf of
HONG LEONG INVESTMENT BANK BERHAD

LEE JIM LENG
Group Managing Director /
Chief Executive Officer

PHANG SIEW LOONG
Co-Head, Corporate Finance
Investment Banking

FURTHER INFORMATION ON NCB

Information relating to NCB in this Appendix has been obtained from publicly available sources and the management of NCB (where applicable). The responsibility of our Company is restricted to ensuring that such information has been accurately reproduced.

1. HISTORY AND BUSINESS

NCB was incorporated in Malaysia on 8 January 1999 and has been the holding company of a maritime terminal group providing services in the port and logistic operations in Malaysia. NCB plays a major role in ensuring the efficiency of the movement of cargo in the country through its two wholly-owned subsidiaries, namely Northport and KN.

Northport operates two ports namely, North Port and Southpoint in Port Klang which had commenced business in 1986 and 1992 respectively. The ports were privatised under a two-phase privatisation exercise. The first phase involved the privatisation of the container handling operations in North Port pursuant to the Memorandum of Understanding dated 30 January 1986 between the Government of Malaysia ("**Government**"), PKA and Northport ("**1986 MOU**"). Pursuant to the Privatisation Agreement dated 30 September 1994 between the Government, PKA and Northport ("**1994 Privatisation Agreement**"), the Government approved the expansion of container handling to include the conventional Wharf No. 11 and its back-up area ("**KCT Privatisation**").

In the second phase, the Government privatised to KPM the business of operating, managing, maintaining and providing port terminal cargo handling facilities and services in Southpoint and the remaining part of North Port pursuant to the Privatisation Agreement dated 30 November 1992 between the Government, PKA, KPM and KN ("**KPM Privatisation**").

Following a corporate restructuring exercise undertaken by Northport and KPM in 2001 and the management agreement signed between the two parties on 19 October 2001, all the business and operations of KPM were henceforth contractually managed and operated by Northport.

The concession period for KCT Privatisation expired on 16 March 2007 whereas the concession period for KPM Privatisation expired on 30 November 2013. By way of an interim privatisation agreement dated 8 January 2014 entered into between the Government, PKA and Northport, the concession period for the KCT Privatisation was further extended to 30 November 2013 based on the same terms and conditions of the 1986 MOU and 1994 Privatisation Agreement.

On 10 January 2014, the Government had agreed that the concession for the port operation in North Port and Southpoint be extended and granted in a single concession to Northport for a period of 30 years effective from 1 December 2013 to 30 November 2043, subject to the finalisation of the terms and conditions of the new concession agreement and the execution thereof by the parties.

Pending the finalisation of the new concession agreement and to ensure continuous port operation, by way of an interim privatisation agreement dated 28 March 2014 entered into between the Government, PKA and Northport, the Government has agreed to allow Northport to continue to operate, manage and control the relevant port business on interim basis based on the same terms and conditions of the previous privatisation agreements.

In addition, on 1 December 2013 and 1 December 2014, Northport was granted the licence under Section 3(2)(v) of the Port Authorities Act 1963 (*Act 488*) and Section 9(3)(a) of the Port (Privatisation) Act 1990 (*Act 422*) to provide port facilities and services and operate the container handling business at North Port and Southpoint. Pending the finalisation of the new concession agreement, the licence is being granted on an annual basis. Upon execution of the new concession agreement, a new licence shall be granted to Northport for the remainder of the concession period.

(i) North Port

North Port, situated at Port Klang, Malaysia, plays an important role in the development of the Malaysian economy and in its global outreach in the country's growing international trade. North Port is linked to many ports worldwide which are served by major shipping lines including several world-ranking container liner operators offering comprehensive ranges of shipping services in the region. North Port covers approximately 648.9 acres consisting of four (4) container terminals (which comprise thirteen (13) wharves), one (1) liquid bulk terminal (which comprise two (2) wharves), one (1) dry bulk terminal (which comprise two (2) wharves) and two (2) multipurpose wharves totaling up to nineteen (19) wharves. The port terminal mainly handles containers and has a terminal capacity of approximately 5.6 million TEUs with a total quay length of 3,242 metres. North Port is served by 44 shipping container lines and 52 shipping conventional lines. The conventional cargo capacity has a current aggregate handling capacity of approximately 10.6 million FWTs consisting of break bulk, dry bulk and liquid bulk with terminal capacity of approximately 3.1 million FWTs, 3.4 million FWTs and 4.1 million FWTs respectively. Northport is able to accommodate New Panamax type vessels handling up to 13,000 TEUs.

(ii) Southpoint

Northport's other port, Southpoint, situated at Port Klang, Malaysia, covers approximately 111.4 acres consisting of nine (9) wharves with a total quay length of approximately 1,073 metres, of which two (2) are for liquid bulk cargo and the remaining wharves for break bulk cargo. Southpoint focuses mainly on conventional domestic and coastal trades between Port Klang and ports in East Malaysia, Indonesia and Brunei. Besides this trade, Southpoint also acts as another facility in Port Klang for the handling of liquid bulk cargo, mainly palm oil. Southpoint is served by 32 conventional shipping lines and a current aggregate handling capacity for Southpoint is approximately 4.1 million FWTs per annum consisting of liquid bulk and break bulk with terminal capacity of approximately 1.8 million FWTs and 2.3 million FWTs respectively. Southpoint is able to accommodate Handymax type vessels up to 20,000 dead weight tonnes.

Both North Port and Southpoint provide warehouse services for container packing and unpacking activities.

Northport's major container/conventional shipping lines consists of among others, APL-Nol, Korean Marine Transport Co. Lines, Mitsui O.S.K. Lines, Shin Yang Shipping Corporation Bhd and Wan Hai Lines.

North Port and Southpoint have emerged as important hubs in the region with ship calls to Intra Asia, Gulf/Indian subcontinent, Australia/South Pacific, Africa and Europe.

It should be noted that, Northport is one of the main multi-purpose ports in the national ports system offering dedicated facilities and services to handle wide variety of cargoes ranging from containers to cars, break bulk cargoes as well as capacity to handle liquid and dry bulk cargoes of all types and shipment sizes. The central role played by Northport has been strengthened by its ability to offer an extensive global shipping connectivity.

KN began its operation in 1971. Since its inception, it has expanded its business from just container haulage to international freight forwarding, warehousing, distribution, supply chain solutions, cold chain solutions and Halal logistics. KN provides comprehensive logistics solutions customised to customers' requirements. KN has a total of 3,766,584 square feet of storage facilities and warehouses (aging between 8 and 40 years) located all over Port Klang, Petaling Jaya, Penang, Johor Bahru, Kuantan and Ipoh with a fleet of 2,472 vehicles comprising 351 units of prime mover, 1,901 units of trailer, 28 units of side loader and 192 units of truck.

The core business drivers of NCB under the two (2) major business segments, port operations and logistic operations are as follows:

(i) Port operations

(a) Container terminal services

Northport's container terminals currently feature four (4) multipurpose container terminals in Port Klang namely CT1, CT2, CT3 and CT4 with annual capacity of more than 5,600,000 TEUs, boasting a combined quay length close to four (4) kilometres and a depth alongside that ranges from 11.5 to 17.0 metres. CT1, CT2, CT3 and CT4 are capable of handling ultra large container carriers with capacity up to 9,000 TEUs, 6,000 TEUs, 13,000 TEUs and 20,000 TEUs.

Northport's maximum container handling capacity and actual container handled for the past three (3) years are as follows:

Year	Container handling capacity	Actual container handled
	(TEU in million)	(TEU in million)
2012	4.5	3.09
2013	5.0	2.88
2014	5.6	2.57

(b) Conventional cargo terminals

The conventional cargo terminals mainly handle non-containerised cargo such as:

(aa) Break bulk terminal

This terminal is dedicated to handle bulk cargoes such as iron, steel, timber, plywood, machineries roll-on/roll-off and livestock. It has facilities to enable raw materials and goods to be repackaged within the port's premises.

(bb) Liquid bulk terminal

This dedicated terminal handles commodity tanker vessels loaded and unloaded via pipeline, including liquid chemicals, petroleum and crude palm oil.

(cc) Dry bulk terminal

This terminal is dedicated to handle dry bulk cargoes such as grain, maize, coal, marine salt and fertiliser as well as catering the loading of clinker and similar types of cargo.

(dd) Roll-on/roll-off terminal

The roll-on/roll-off terminal, also known as RORO terminal is specially designed to cater vehicle cargo vessels ranging from trucks to passenger cars. Its services are complemented by NCB's vehicle terminal centre for the downstream storage of vehicles in the terminal.

Northport's maximum conventional cargo handling capacity and actual conventional cargo handled for the past three (3) years are as follows:

Year	Conventional cargo handling capacity	Actual conventional cargo handled
	(TEU in million)	**(TEU in million)**
2012	10.6	8.23
2013	10.6	9.84
2014	10.6	8.28

(c) Distriparks

Northport is also equipped with downstream on-dock and off-dock supporting facilities, product and services. These warehouses, aging between 16 and 43 years, are strategically located near the hinterland and major industrial estates, providing an excellent access.

Additionally, Northport and KN have several acres of open yards located in Port Klang, Petaling Jaya, Penang, Johor Bahru, Kuantan and Ipoh handling oil and gas, infrastructure and utilities cargo storage.

(d) Marine services

Northport's marine services offer around the clock pilotage service that handles over 8,000 ship moves annually. It ensures the expeditious flow of vessel traffic in port and a safe stay at wharf when moored or at anchor. Northport performs more than 10,000 tug boat moves in Port Klang annually for a wide range of vessels including New Panamax container ships, roll-on/roll-off vessels, aircraft carriers and cruise vessels. Northport's continuous fleet renewal program aims to provide high standards of service to customers.

(ii) Logistics operations

(a) Logistics services

KN which is a logistics services provider, with 44 years of experience offers a range of vital supply chain and logistics services.

The logistics operation services include:

(aa) Multimodal transport operator;

(bb) International freight forwarding;

(cc) Integrated and certified halal logistics;

(dd) Heavy lift logistics (project cargo); and

(ee) Cold solution logistics.

KN's logistics services are supported by an efficient global connectivity and a hassle free import and export process for both air and sea, door-to-door services, provision of custom documentation and internal transportation network which includes heavy lift, storage and warehousing.

KN's fleet of prime movers consisting of 351 units are located across the country in the main business centres including Klang Valley, Penang, Johor and Kuantan ensuring the company's outreach of the hinterland and gateway port, Northport. The prime movers mainly handles electronic goods, petrochemical, consumer goods, building materials and automotive.

Both KN and Northport have warehouses that are certified Halal MS2400 by Jabatan Kemajuan Islam Malaysia (JAKIM), complementing NCB's Halal Logistics Certification.

(b) Haulage and trucking

KN offers an integrated haulage service with diverse trucking services handling various types of cargo such as frozen cargo, chilled cargo, bonded, conventional, relocation, liquid bulk, fast-moving consumer goods and cement.

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of NCB as at the LPD are as follows:

	No. of NCB Shares	Share capital (RM)
Authorised share capital		
Ordinary shares of RM1.00 each	1,000,000,000	1,000,000,000
Issued and paid-up share capital		
Ordinary shares of RM1.00 each	470,252,708	470,252,708

3. DIRECTORS AND THEIR SHAREHOLDINGS

The directors of NCB and their respective shareholdings in NCB as at the LPD are as follows:

		◄---------Direct----------►		◄---------Indirect--------►	
Name	**Nationality**	**No. of NCB Shares**	**%**	**No. of NCB Shares**	**%**
Tun Ahmad Sarji Abdul Hamid (Non-Independent Non-Executive Chairman)	Malaysian	-	-	-	-
Tuan Haji Abi Sofian Abdul Hamid (Group Managing Director)	Malaysian	14,000	0.0030	-	-
Dato' Idris Kechot (Non-Independent Non- Executive Director)	Malaysian	-	-	-	-
Lt. Gen (R) Datuk Abdul Aziz Hasan (Non-Independent Non-Executive Director)	Malaysian	-	-	-	-
Dato' Halipah Esa (Non-Independent Non-Executive Director)	Malaysian	-	-	-	-

FURTHER INFORMATION ON NCB *(CONT'D)*

Name	Nationality	◄---------Direct----------► No. of NCB Shares	%	◄---------Indirect--------► No. of NCB Shares	%
Dato' Sri Che Khalib Mohamad Noh (Non-Independent Non-Executive Director)	Malaysian	-	-	-	-
Dato' Zuraidah Atan (Non-Independent Non-Executive Director)	Malaysian	-	-	-	-
Puan Yip Jian Lee (Independent Non-Executive Director)	Malaysian	12,359	0.0026	-	-
Dato' Seri Dr. Haji Arshad Haji Hashim (Independent Non-Executive Director)	Malaysian	-	-	-	-
Datuk Ramlan Abdul Rashid (Independent Non-Executive Director)	Malaysian	-	-	-	-
Encik Nik Mustapha Nik Mohamed (Independent Non-Executive Director)	Malaysian	-	-	-	-

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of NCB and their shareholdings in NCB as at the LPD are as follows:

Name	Place of incorporation	◄---------Direct----------► No. of NCB Shares	%	◄---------Indirect--------► No. of NCB Shares	%
AmanahRaya Trustees Berhad (Amanah Saham Bumiputera)	Malaysia	224,335,700	47.71	-	-
MMC Port	Malaysia	141,669,279	30.13	-	-
MMC	Malaysia	-	-	*141,669,279	30.13

Note:

* *Deemed interested through its direct shareholdings in MMC Port pursuant to Section 6A of the Act.*

5. SUBSIDIARIES AND ASSOCIATE

The subsidiaries and associate of NCB as at the LPD are as follows:

Name of companies	Date of incorporation	Country of incorporation	Issued and paid-up share capital (RM, unless otherwise stated)	Effective equity interest (%)	Principal activities
Subsidiaries					
Northport	1985	Malaysia	308,530,433	100	Port operations
KN	1971	Malaysia	28,711,746	100	Logistics
Subsidiaries of Northport					
KPM	1991	Malaysia	377,245,002	100	Port operations (dormant)
Northport Distripark Sdn Bhd	1991	Malaysia	12,551,740	100	Management of a distribution centre
Subsidiaries of KN					
Kontena Nasional Global Logistics Sdn Bhd	1975	Malaysia	3,300,002	100	Freight forwarding services
KN Maritime Services Sdn Bhd	1990	Malaysia	500,002	100	Shipping agency (dormant)
Konnas Prolink Sendirian Berhad	1985	Malaysia	2,000,002	100	Transportation and distribution services (dormant)
KN Loginfra Sdn Bhd	1993	Malaysia	2,000,002	100	Warehousing and distribution services (dormant)
KN Global Transport Sdn Bhd	1991	Malaysia	6,000,000	100	Warehousing, distribution and freight forwarding services
Associate					
P.T. Ritra Konnas Freight Centre (Indonesia)	1996	Indonesia	USD6,000,000	33.3	Container depot operations

6. FINANCIAL INFORMATION

The details of the historical financial information of the NCB Group for the FYE 31 December 2012, 2013 and 2014, and nine (9)-month FPE 30 September 2015 are set out below:

	◄---------Audited for the FYE 31 December----------►			Unaudited for nine (9)-month FPE
	2012	2013	2014	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	978,778	919,376	830,988	608,585
Profit before tax	154,180	94,080	18,621	46,949
Profit after tax attributable to equity holders of NCB	125,753	51,682	27,858	29,535
Share capital	470,253	470,253	470,253	470,253
Shareholders' funds/ NA	1,383,850	1,407,317	1,404,609	1,410,631
NA per share (RM)	2.94	2.99	2.99	3.00
Gross EPS (sen)	32.79	20.01	3.96	9.98
Net EPS (sen)	26.74	10.99	5.92	6.28
Total borrowings	56,888	208,564	580,908	460,311
Current ratio (times)	1.76	0.79	1.39	1.71
Gearing ratio (times)	0.04	0.15	0.41	0.33

Commentary on past performance

FYE 31 December 2012

The port and logistic businesses of the NCB Group together recorded a turnover of RM978.8 million (restated), reflecting an increase of 6.5% compared to RM918.8 million (restated) achieved in 2011. The significant increase in revenue was contributed by KN, resulting from its new strategy which gave greater focus on non-haulage activities that had produced new streams of revenue from the provision of door-to-door distribution services, various types of trucking and transportation services and warehousing services.

The profit before tax of the NCB Group was RM154.2 million (restated), representing a decrease of 8.0% from the previous year. This is mainly due to the lower margin contribution from the new logistics activities caused by the high initial start-up cost incurred by KN. Port operations contributed RM197.4 million to the NCB Group's profit before tax whilst the total logistics business incurred a loss before tax of RM45.4 million (restated) due to high cost of operations.

The restatement of the financial results for the FYE 31 December 2012 in accordance with the requirements of the Malaysian Financial Reporting Standards was mainly due to the over recognition of revenue and under accrual of cost.

FYE 31 December 2013

The NCB Group recorded a revenue of RM919.4 million, a decrease of 6.1% compared with RM978.8 million (restated) earned the year before. The drop in revenue arose from the lower container volume handled by the port operations business as well as lower revenue from the total logistics business due to ceasing of cross border business and the scaling down of the trucking and freight forwarding activities, which were not profitable. The total number of containers handled by Northport during the year 2013 was 2,880,140 TEUs, a decrease of 6.9% compared with 3,091,952 TEUs recorded in the preceding year. The decline was mainly due to the drop in import and export containers handled. This was evident also in the lower number of vessel calls during the year 2013 which was due to the withdrawal of a major Korean shipping line customer from the container business.

The profit before tax of the NCB Group was RM94.1 million (restated), reflecting a marked decline against previous year's figure of RM154.2 million (restated). This is mainly due to the combined impact from lower revenue recorded by NCB's subsidiaries and cost increase during the year. The increase in cost was mainly due to under accrual of operating costs at the logistics subsidiaries as well as general increase in cost of operation. Port operations contributed a profit before tax of RM166.5 million (restated) whilst the total logistics business registered a loss before tax of RM73.2 million. The holding company's profit was RM0.7 million.

The restatement of the financial results for the FYE 31 December 2013 in accordance with the requirements of the Malaysian Financial Reporting Standards was mainly due to the over recognition of revenue and under accrual of cost.

FYE 31 December 2014

The NCB Group registered a turnover of RM831.0 million, a decrease of 9.6% compared with RM919.4 million achieved in 2013. The drop in revenue was mainly due to the lower container and conventional cargo volume handled by the port operations business. The drop in container volume was due to impact from service rationalisation by major shipping lines by omitting service call to Northport and redirecting to other ports. On the other hand, the lower conventional cargo volume was due to low demand for raw materials which impacted imports. In addition, the lower revenue was attributable to the dip in revenue from logistics operations as a result of lower targeted scale of business activities in government and oil and gas business as well as the decision to cease the businesses that were unprofitable including cross border, trucking and distribution. The lower targeted scale of business activities in government and oil and gas business was due to contracts which were not able to materialise due to poor economic environment with the low oil prices.

The NCB Group recorded a profit before tax of RM18.6 million, a decline of 80.2% compared with RM94.1 million (restated) in 2013. Port operations contributed RM75.5 million to the NCB Group's profit before tax whilst the total logistics business incurred a loss before tax of RM57.2 million. The port operation was impacted by higher operating expenditure due to an increase in depreciation charges relating to the construction of Wharf 8A and related equipment and the charge for port lease rental. Port lease rental was the major contributor for the increase in expenditure due to the extended footprints (extended lease area) under the new lease. Initiatives were in progress to extract better value from the extended footprint. Meanwhile, the logistic business recorded a revenue of RM243.7 million, a 14.8% decrease year-on-year. Nevertheless, the operating expenditure for logistic business decreased to RM304.1 million compared with RM370.1 million registered in 2013 mainly due to lower cost incurred on outsourced service providers and other initiatives to improve performance, including exiting unprofitable businesses.

Accounting policies and audit qualification

There was no accounting policy adopted which is peculiar to NCB because of the nature of its business or the industry it is involved in during the FYE 31 December 2012, 2013 and 2014.

The audited consolidated financial statements of NCB for the FYE 31 December 2012, 2013, and 2014 did not contain any audit qualification.

Nine (9)-month FPE 30 September 2015

Port operations

For the nine (9)-month FPE 30 September 2015, the port operations registered a revenue of RM453.5 million, an increase of 8.3% against the nine (9)-month figure the previous year. Container business being the main contributor of revenue registered an increase in containers handled of 2,085,377 TEUs from 1,888,272 TEUs for the same period the previous year, mainly due to the completion of Wharf 8A. In addition, Northport's improved services such as shorter turnaround of vessels and a congestion free terminal have partly contributed to the increase in containers handled.

The total operating expenditure for the nine (9)-month FPE 30 September 2015 registered a decrease of 0.1% from RM387.0 million to RM386.7 million mainly due to lower fuel costs incurred in the nine (9)-month FPE 30 September 2015 in spite of increased operation activities from increased throughput.

The profit before taxation for the port operations for the nine (9)-month FPE 30 September 2015 registered an increase of 94.6% from RM39.2 million to RM76.3 million mainly due to the higher revenue registered as well as the lower operating expenditure incurred during the period.

Logistics operations

For the nine (9)-month FPE 30 September 2015, the logistics operations registered revenue of RM155.1 million a decrease of 19.3% against RM192.3 million registered for the same period previous year. The decline in revenue was mainly due to the following:

(i) the lower than targeted scale of business activities from public and private sectors mainly due to the business environment with the low oil prices which led to the decline in haulage business and new contracts being awarded by public and private sectors; and

(ii) the lower revenue contributed by having exited from trucking business, which was not profitable.

The total operating expenditure for the nine (9)-month FPE 30 September 2015 registered a decrease of 17.1% from RM217.2 million to RM180.1 million. This is mainly due to costs related to cessation of business activities and lower cost of fuel and outsourced service provider costs.

The loss before tax for the logistics operations for the nine (9)-month FPE 30 September 2015 registered an increase of 0.4% from RM27.1 million to RM27.2 million mainly due to the lower revenue registered during the period.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

7.1 Material commitments

Save as disclosed below and in the latest audited consolidated financial statements of NCB for the FYE 31 December 2014, there are no material commitments incurred or known to be incurred by the NCB Group which may have a material impact on the profits or NA of the NCB Group:

(i) Capital expenditure

	As at 31 December 2014 (RM'000)
Approved and contracted for	65,497
Approved but not contracted for	493,404
	558,901

(ii) Lease of undeveloped land, non-cancellable

	As at 31 December 2014 (RM'000)
Lease commitments on undeveloped land	13,917

The lease commitments relate to lease rental payable for the undeveloped portion of the land leased from PKA. A subsidiary leases 36.157 acres of land under operating lease for a period of thirty (30) years from 14 November 2001 at a lease rental of RM825,000 per annum.

Total minimum lease payments under the non-cancellable operating lease are as follows:

	As at 31 December 2014 (RM'000)
Less than one (1) year	825
Between one (1) to five (5) years	3,300
More than five (5) years	9,792
	13,917

(iii) Operating lease commitments – as lessee

During the FYE 31 December 2014, the NCB Group has entered into commercial leases on certain vehicles and equipment. The leases have an average tenure of between three (3) to five (5) years with the option to renew the contract at the end of the lease term.

Minimum lease payment for the FYE 31 December 2014 amounted to RM17,114,000 (2013: RM32,726,000).

Further minimum rentals payable under operating lease at the reporting date are as follows:

	As at 31 December 2014 (RM'000)
Not later than one (1) year	13,770
Later than one (1) year but not later than five (5) years	3,344
	17,114

(iv) Finance lease commitments

	As at 31 December 2014 (RM'000)
Minimum lease payments:	
Not later than one (1) year	19,525
Later than one (1) year and not later than two (2) years	18,784
Later than two (2) years and not later than five (5) years	21,272
Total minimum lease payments	59,581
Less: Amounts representing finance charges	(4,875)
Present value of minimum lease payments	54,706
Present value of payments:	
Not later than one (1) year	17,053
Later than one (1) year and not later than two (2) years	17,301
Later than two (2) years and not later than five (5) years	20,352
Present value of minimum lease payments	54,706
Less: Amount due within twelve (12) months	(17,053)
Amount due after twelve (12) months	37,653

Save as disclosed above, as at the LPD, there are no other material commitments incurred or known to be incurred by the NCB Group which may have a material impact on the profits or NA of the NCB Group.

7.2 Contingent liabilities

Save as disclosed below and in the latest audited consolidated financial statements of NCB for the FYE 31 December 2014, there are no contingent liabilities incurred or known to be incurred by the NCB Group which, upon becoming enforceable, may affect the ability of the NCB Group to meet its obligations as and when they fall due:

	As at 31 December 2014 (RM'000)
Unsecured:	
Guarantee to third parties in respect of performance bond and security deposits	18,368

Save as disclosed above, as at the LPD, there are no other contingent liabilities incurred or known to be incurred by the NCB Group which, upon becoming enforceable, may affect the ability of the NCB Group to meet its obligations as and when they fall due.

8. MATERIAL LITIGATION

As at the LPD, the NCB Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the NCB Group and the NCB Group is not aware of any proceedings pending or threatened against the NCB Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the NCB Group.

9. MATERIAL CONTRACTS

The NCB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the LPD.

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Building a better working world

NCB HOLDINGS BHD.

(475221-K)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements 31 December 2014

A member firm of Ernst & Young Global Limited

475221-K

NCB Holdings Bhd.
(Incorporated in Malaysia)

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NCB Holdings Bhd.
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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2014.

Principal activities

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries and associate are disclosed in Note 17 and Note 18 respectively to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit, net of tax	27,858	27,562

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2013, as reported in the directors' report of that year:	
Final (single tier) dividend of 4.5%, on 470,252,708 ordinary shares declared on 6 May 2014 and paid on 3 July 2014	21,161
In respect of the financial year ended 31 December 2014:	
Interim (tax exempt) dividend of 2.0%, on 470,252,708 ordinary shares declared on 25 August 2014 and paid on 9 October 2014	9,405
	30,566

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NCB Holdings Bhd.
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Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final (tax exempt) dividend in respect of the financial year ended 31 December 2014, of 5.0% on 470,252,708 ordinary shares, amounting to a dividend payable of RM23,512,635 (5.00 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Y.A. Bhg. Tun Ahmad Sarji bin Abdul Hamid	
Tan Sri Dato' (Dr.) Ir. Wan Abdul Rahman bin Haji Wan Yaacob	
Dato' Seri Dr. Haji Arshad bin Haji Hashim	
Dato' Zuraidah binti Atan	
Datuk Abdul Malek bin Abdul Aziz	
Dato' Halipah Binti Esa	
Lt. Gen. (R) Datuk Abdul Aziz bin Hasan	
Yip Jian Lee	
Dato' Sri Che Khalib bin Mohamad Noh	(Appointed on 8 January 2015)
Abi Sofian bin Abdul Hamid	(Appointed on 1 September 2014)
Dato' Abdul Samad bin Mohamed @ Mohd Dom	(Retired on 1 September 2014)
Datuk Nasarudin bin Md Idris	(Resigned on 22 December 2014)

In accordance with Article 84 of the Company's Articles of Association, Dato' Zuraidah binti Atan, Yip Jian Lee and Dato' Halipah binti Esa will retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with Article 90 of the Company's Articles of Association, Dato' Sri Che Khalib bin Mohamad Noh and Abi Sofian bin Abdul Hamid will retire at the forthcoming Annual General Meeting and being eligible, offers themselves for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' (Dr.) Ir Wan Abdul Rahman bin Haji Wan Yaacob and Datuk Abdul Malek bin Abdul Aziz will retire at the forthcoming Annual General Meeting and will not be seeking re-election. Hence, they will retire upon the conclusion of the Sixteenth Annual General Meeting. Article 86 of the Company's Articles of Association provides that the Company shall fill up the vacated office at the meeting at which the Directors retire.

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Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 January 2014/ Date of appointment	**Acquired**	**Sold**	**31 December 2014**
Company				
Direct interest:				
Yip Jian Lee	12,359	-	-	12,359
Datuk Abdul Malek bin Abdul Aziz	1,000	-	-	1,000
Abi Sofian bin Abdul Hamid	14,000	-	-	14,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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NCB Holdings Bhd.
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Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due.

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

(g) In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant event

Significant event during the year is disclosed in Note 39 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2015.

Y.A. Bhg. Tun Ahmad Sarji bin Abdul Hamid	Dato' Sri Che Khalib bin Mohamad Noh

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NCB Holdings Bhd.
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Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Y.A. Bhg. Tun Ahmad Sarji bin Abdul Hamid and Dato' Sri Che Khalib bin Mohamad Noh, being two of the directors of NCB Holdings Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 95, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the year then ended.

The information set out in Note 40 on page 96 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2015.

Y.A. Bhg. Tun Ahmad Sarji bin Abdul Hamid

Dato' Sri Che Khalib bin Mohamad Noh

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, John Selvaraj James, being the officer primarily responsible for the financial management of NCB Holdings Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 96 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed John Selvaraj James at Klang, Selangor Darul Ehsan on 7 April 2015

John Selvaraj James

Before me,

PESURUHJAYA SUMPAH
No: B322
Nama: SUBRAMANIAM A/L SINNAPPAYAN
MALAYSIA

NO.37, 1ST FLOOR,
LORONGTINGKAT
OFF JALAN ISTANA
41000 KLANG
SELANGOR D.E.

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Ernst & Young AF: 0039
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

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Independent auditors' report to the members of NCB Holdings Bhd.
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of NCB Holdings Bhd., which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 95.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report to the members of NCB Holdings Bhd. (cont'd.)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditor's report of the subsidiary of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

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Independent auditors' report to the members of
NCB Holdings Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 40 on page 96 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young	Sundralingam A/L Navaratnam
AF: 0039	No. 2984/05/16(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
7 April 2015

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Consolidated statement of comprehensive income
For the year ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Revenue	4	830,988	919,376
Other income	5	13,480	19,917
		844,468	939,293
Employees' benefits expense	6	(204,044)	(215,815)
Operating expenditure	7	(617,267)	(621,269)
Finance costs	8	(5,332)	(8,850)
Operating profit		17,825	93,359
Share of profit of an associate		796	721
Profit before tax and zakat		18,621	94,080
Taxation and zakat	10	9,237	(42,398)
Profit net of tax, representing total comprehensive income for the year		27,858	51,682
Attributable to:			
Equity holders of the Company		27,858	51,682
Earnings per share attributable to equity holders of the Company (sen per share):			
Basic	11	5.9	11.0
Diluted	11	5.9	11.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NCB Holdings Bhd.
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Consolidated statement of financial position as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	1,072,836	1,082,353
Prepaid land lease payments	14	5,089	5,390
Investment property	15	1,284	1,383
Intangible assets	16	546,613	480,571
Investment in associate	18	4,038	8,151
Other investment	19	76	76
Long term receivables	20	1,379	1,089
Deferred tax assets	29	-	19,923
		1,631,315	1,598,936
Current assets			
Inventories	21	6,352	5,602
Trade and other receivables	22	143,382	192,262
Prepaid operating expenses		5,292	7,132
Tax recoverable		25,444	17,796
Cash and bank balances	23	456,978	156,315
		637,448	379,107
Total assets		2,268,763	1,978,043
Liabilities and equity			
Current liabilities			
Provision for legal claims	24	2,212	6,120
Trade and other payables	25	263,665	300,701
Borrowings	30	193,255	163,605
Provision for concession liability	31	-	-
Income tax payable		325	9,328
		459,457	479,754
Net current assets/(liabilities)		177,991	(100,647)
Non-current liabilities			
Deferred tax liabilities	29	17,044	46,013
Borrowings	30	387,653	44,959
Provision for concession liability	31	-	-
		404,697	90,972
Total liabilities		864,154	570,726
Net assets		1,404,609	1,407,317

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NCB Holdings Bhd.
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Consolidated statement of financial position as at 31 December 2014 (cont'd.)

	Note	2014 RM'000	2013 RM'000
Equity attributable to equity holders of the Company			
Share capital	26	470,253	470,253
Share premium		305	305
Other reserves	27	101,263	101,263
Retained earnings	28	832,788	835,496
Total equity		1,404,609	1,407,317
Total liabilities and equity		2,268,763	1,978,043

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NCB Holdings Bhd.
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the year ended 31 December 2014

		<--------Attributable to equity holders of the Company --------->				
			<--- Non-distributable --->		Distributable	
	Note	Share capital (Note 26) RM'000	Share premium RM'000	Other reserves (Note 27) RM'000	Retained earnings (Note 28) RM'000	Total equity RM'000
At 1 January 2014		470,253	305	101,263	835,496	1,407,317
Total comprehensive income		-	-	-	27,858	27,858
Transaction with owners						
Dividends	12	-	-	-	(30,566)	(30,566)
At 31 December 2014		470,253	305	101,263	832,788	1,404,609
At 1 January 2013		470,253	305	101,263	812,029	1,383,850
Total comprehensive income		-	-	-	51,682	51,682
Transaction with owners						
Dividends	12	-	-	-	(28,215)	(28,215)
At 31 December 2013		470,253	305	101,263	835,496	1,407,317

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Consolidated statement of cash flows
For the year ended 31 December 2014

	2014 RM'000	2013 RM'000
Operating activities		
Profit before tax and zakat	18,621	94,080
Adjustments for:		
Gain on disposal of property, plant and equipment	(1,197)	(6,927)
Gain on disposal of intangible assets	-	(6)
Interest income	(3,762)	(5,338)
Share of profit of an associate	(796)	(721)
Interest expense	5,332	4,098
Amortisation of prepaid land lease payments (Note 14)	301	301
Amortisation of intangible assets (Note 16)	17,775	28,685
Depreciation of investment property (Note 15)	99	99
Depreciation of property, plant and equipment (Note 13)	88,432	73,198
Impairment loss on goodwill	-	1,286
Impairment loss on intangible assets (Note 16)	-	47
Impairment loss on trade receivables (Note 22(a))	13,717	13,782
Loss on disposal of property, plant and equipment	104	2
Property, plant and equipment written off	9	-
Intangible assets written off	20	190
Additional provision of legal claim (Note 24)	-	5
Reversal of provision for legal claims (Note 24)	(2,435)	(431)
Reversal of allowance for impairment losses on trade receivables (Note 22(a))	(1,952)	(1,199)
Unwinding of discount from provision for concession liability (Note 31)	-	4,752
Unrealised foreign exchange loss	67	-
Impairment loss on other receivables (Note 22(d))	476	-
Reversal of allowance for impairment losses on other receivables (Note 22(d))	(271)	-
Impairment loss on land	416	-
Operating cash flows before changes in working capital	134,956	205,903
Trade and other receivables	41,462	11,897
Prepaid operating expenses	1,840	7,014
Inventories	(750)	2,565
Trade and other payables	(36,244)	54,272
Provision for concession liability	-	(39,386)
Net cash flows generated from operating activities	141,264	242,265
Interest paid	(5,332)	(4,098)
Income taxes paid, net	(15,371)	(23,760)
Net cash flows generated from operating activities	120,561	214,407

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Consolidated statement of cash flows
For the year ended 31 December 2014 (cont'd.)

	2014 RM'000	2013 RM'000
Investing activities		
Purchase of property, plant and equipment	(74,722)	(265,237)
Purchase of intangible assets	(83,859)	(197,563)
Proceeds from disposal of property, plant and equipment	1,752	11,096
Proceeds from disposal of intangible assets	-	8
Interest received	3,762	5,338
Net cash flows used in investing activities	(153,067)	(446,358)
Financing activities		
Drawdown of revolving credit	1,350,134	131,067
Repayment of revolving credit	(1,323,989)	-
Repayment of obligations under finance lease, net	(12,410)	(11,282)
Proceed from issuance of Sukuk Musharakah	350,000	-
Dividends paid	(30,566)	(28,215)
Net cash flows generated from financing activities	333,169	91,570
Net increase/(decrease) in cash and cash equivalents	300,663	(140,381)
Cash and cash equivalents at beginning of year	156,315	296,696
Cash and cash equivalents at end of year (Note 23)	456,978	156,315

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the year ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Revenue	4	31,701	82,299
Other income	5	1,281	1,312
		32,982	83,611
Employees' benefits expense	6	(2,978)	(3,715)
Operating expenditure	7	(2,272)	(2,183)
Profit before tax and zakat		27,732	77,713
Taxation and zakat	10	(170)	(360)
Profit net of tax, representing total comprehensive income for the year		27,562	77,353

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	671	512
Intangible assets	16	37	57
Investment in subsidiaries	17	470,051	470,051
		470,759	470,620
Current assets			
Trade and other receivables	22	22,271	43,853
Tax recoverable		33	21
Cash and bank balances	23	49,457	31,140
		71,761	75,014
Total assets		542,520	545,634
Liabilities and equity			
Current liabilities			
Trade and other payables	25	1,904	1,920
Net current assets		69,857	73,094
Non-current liabilities			
Deferred tax liabilities	29	-	94
Total liabilities		1,904	2,014
Net assets		540,616	543,620
Equity attributable to equity holders of the Company			
Share capital	26	470,253	470,253
Share premium		305	305
Retained earnings	28	70,058	73,062
Total equity		540,616	543,620
Total liabilities and equity		542,520	545,634

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the year ended 31 December 2014

	Note	Share capital (Note 26) RM'000	Non - distributable Share premium RM'000	Distributable Retained earnings (Note 28) RM'000	Total equity RM'000
At 1 January 2014		470,253	305	73,062	543,620
Total comprehensive income		-	-	27,562	27,562
Transaction with owners					
Dividends	12	-	-	(30,566)	(30,566)
At 31 December 2014		470,253	305	70,058	540,616
At 1 January 2013		470,253	305	23,924	494,482
Total comprehensive income		-	-	77,353	77,353
Transaction with owners					
Dividends	12	-	-	(28,215)	(28,215)
At 31 December 2013		470,253	305	73,062	543,620

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NCB Holdings Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 December 2014

	2014 RM'000	2013 RM'000
Operating activities		
Profit before tax and zakat	27,732	77,713
Adjustments for:		
Dividend income	(26,996)	(76,996)
Interest income	(1,281)	(1,146)
Depreciation of property, plant and equipment (Note 13)	171	152
Loss on disposal of property, plant and equipment	87	2
Operating cash flows before changes in working capital	(287)	(275)
Trade and other receivables	(5,277)	(5,804)
Trade and other payables	(16)	(183)
Cash flows used in operating activities	(5,580)	(6,262)
Income taxes paid, net	(276)	(58)
Net cash flows used in operating activities	(5,856)	(6,320)
Investing activities		
Purchase of property, plant and equipment	(440)	(48)
Proceeds from the disposal of property, plant and equipment	23	-
Proceeds from the disposal of intangible assets	20	-
Dividend received	53,992	50,000
Interest received	1,144	1,104
Net cash flows generated from investing activities	54,739	51,056
Financing activity		
Dividends paid, representing net cash flows used in financing activity	(30,566)	(28,215)
Net increase in cash and cash equivalents	18,317	16,521
Cash and cash equivalents at beginning of year	31,140	14,619
Cash and cash equivalents at end of year (Note 23)	49,457	31,140

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.