

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS
TASCO BERHAD ACQUISITION BY TASCO BERHAD OF 2,500,000 ORDINARY SHARES IN MERIAH SELALU SDN. BHD. ("MSSB"), REPRESENTING 100% EQUITY INTEREST IN MSSB, FOR AN INDICATIVE CASH CONSIDERATION OF RM15,712,398, SUBJECT TO A MAXIMUM PURCHASE CONSIDERATION OF RM16,000,000

TASCO BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	TASCO BERHAD ACQUISITION BY TASCO BERHAD OF 2,500,000 ORDINARY SHARES IN MERIAH SELALU SDN. BHD. ("MSSB"), REPRESENTING 100% EQUITY INTEREST IN MSSB, FOR AN INDICATIVE CASH CONSIDERATION OF RM15,712,398, SUBJECT TO A MAXIMUM PURCHASE CONSIDERATION OF RM16,000,000

The Board of Directors of TASCO Berhad wishes to announce the attached announcement pursuant to paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer attachment below.

Attachments

Announcement - MSSB Acquisition.pdf
478.0 kB

Announcement Info

Company Name	TASCO BERHAD
Stock Name	TASCO
Date Announced	03 Nov 2017
Category	General Announcement for PLC
Reference Number	GA1-02112017-00017

TASCO BERHAD ("TASCO" OR THE "COMPANY")

- ACQUISITION BY TASCO OF 2,500,000 ORDINARY SHARES IN MERIAH SELALU SDN BHD ("MSSB"), REPRESENTING 100% EQUITY INTEREST IN MSSB, FOR AN INDICATIVE CASH CONSIDERATION OF RM15,712,398, SUBJECT TO A MAXIMUM PURCHASE CONSIDERATION OF RM16,000,000

1. INTRODUCTION

The Board of Directors of TASCO ("**Board**") wishes to announce that TASCO ("**Purchaser**") had on 3 November 2017 entered into a Share Sale Agreement ("**SSA**") with NYK Line Holdings (Malaysia) Sdn Bhd ("**Vendor**"), a wholly-owned subsidiary of Nippon Yusen Kabushiki Kaisha ("**NYKK**") for the acquisition of 2,500,000 ordinary shares in the share capital of Meriah Selalu Sdn Bhd ("**MSSB**") ("**MSSB Shares**" or "**Sale Shares**"), representing 100% equity interest in MSSB, for an indicative cash consideration of RM15,712,398, subject to a maximum purchase consideration of RM16,000,000 and further adjustments as set out in Section 2.4.3 of this announcement ("**Purchase Consideration**" or "**Purchase Price**") (**MSSB Acquisition**).

The MSSB Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Details of the related party relationship is set out in Section 9 of this announcement.

2. DETAILS OF THE MSSB ACQUISITION

2.1 Information on MSSB

MSSB was incorporated in Malaysia under the Companies Act, 1965 ("**Act**") on 16 February 1994 and having its registered address at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

As at 23 October 2017, being the latest practicable date prior to this announcement ("**LPD**"), 2,500,000 ordinary shares have been issued and are fully paid.

MSSB is principally engaged in operating a container depot and providing services of storing, handling, cleaning and repairing of containers. MSSB is also the registered proprietor of the piece of leasehold land held under HSM 6188, PT 4154, Mukim Kapar, measuring approximately 2.4068 hectares together with a single-storey site building erected thereon ("**Property**") and having correspondence address at Lot 2, Solok Sultan Hishamuddin 10, Kawasan Perindustrian Selat Klang Utara, 42000 Port Klang, Selangor Darul Ehsan. The Property is currently being utilised as a container depot.

The existing directors of MSSB, as at the LPD are Ho Jiun Tak and Hirokazu Noguchi.

As at LPD, the shareholders of MSSB are as follows:-

Shareholders of MSSB	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Vendor: NYK Line Holdings (Malaysia) Sdn Bhd	2,500,000	100.0	-	-
Ultimate Holding Company Nippon Yusen Kabushiki Kaisha	-	-	2,500,000 ⁽¹⁾	100.0
	2,500,000	100.0		

Notes:-

(1) Deemed interested by virtue of its equity interest in NYK Line Holdings (Malaysia) Sdn Bhd, pursuant to the Act.

2.2 Financial Summary of MSSB

The financial performance of MSSB is set out as follows:-

	<----- Audited----->		
	Financial year ended ("FYE") 31 March		
	2017 (RM)	2016 (RM)	2015 (RM)
Revenue	3,129,707	3,203,524	3,208,639
Profit before taxation ("PBT")	1,777,411	1,137,944	1,389,071
Profit after taxation ("PAT")	1,304,851	816,657	963,960
Net assets	7,416,039	6,928,188	7,075,531

(Source: Audited financial statements of MSSB)

2.3 Information on the Property

The Property is located along Solok Sultan Hishamuddin 10 within an industrial area known as North Port Industrial Area, Port Klang and is situated approximately one kilometre due south-east of North Port, about nine kilometres due south-west of Klang Town Centre, and about forty-one kilometres due south-west of the Kuala Lumpur City Centre.

Further details of the Property are as follows:-

Land title No.	HSM 6188
Land Lot No.	PT 4154
Locality	Selat Klang Utara
Mukim	Kapar
District	Klang
State	Selangor Darul Ehsan
Tenure	Leasehold interest for a term of 99 years expiring on 9 th June 2086
Provisional Land Area	2.4068 hectares
Annual Rent	RM24,792.00
Registered Owner	Meriah Selalu Sdn Bhd
Category of Land Use	Perusahaan / Perindustrian
Market value ⁽¹⁾	RM16,000,000
Carrying amount of the Property as at 31 March 2017	RM4,109,227

Note:-

(1) The market value of the Property was appraised by CCO & Associates, an independent registered valuer, based on the valuation report dated 3 October 2017 ("**Valuation Report**"). The market valuation of RM16,000,000 was arrived at based on the Comparison Method which entails comparing the Property with similar properties that were sold recently and those currently being offered for sale in the vicinity.

2.4 Salient terms of the SSA

The Vendor shall sell, and TASCO shall purchase from the Vendor, the MSSB Shares free from all mortgage, debenture, charge, lien, claim, options, rights of pre-emption or other encumbrances and shall be inclusive of all benefits, rights and entitlements now and thereafter accruing or attaching to the Sale Shares including but not limited to all bonuses, rights issue, dividends and distributions of whatever nature declared and unpaid or to be declared in respect thereof.

The salient terms of the SSA for the MSSB Acquisition are as follows:-

2.4.1 Purchase Price

- (a) The Purchase Price for the Sale Shares, arrived at on a willing seller willing buyer basis, shall be cash sum totalling **Ringgit Malaysia Fifteen Million Seven Hundred Twelve Thousand Three Hundred Ninety Eight (RM15,712,398.00)** only but subject to adjustment (if any) to the Purchase Price in accordance with Section 2.4.3.
- (b) The Purchaser and Vendor acknowledge that the Purchase Price was determined based on the value of the net tangible asset of MSSB derived from the proforma balance sheet of MSSB which is the financial position of the audited account of MSSB as at 31 March 2017 and after taking into account of the revaluation of the Property at RM15,025,488.70 (259,060.15 square feet x RM58.00 per square feet) and other assets (excluding goodwill and intangible assets) of MSSB less the total liabilities of MSSB (including the deferred tax arising out of the revaluation of the Property) ("**Proforma NTA**") tabulated in accordance with the prevailing accounting standards ("**Proforma Balance Sheet**").

2.4.2 Payment of Purchase Price

- (a) Upon execution of the SSA, the Purchaser shall pay the Vendor the sum of **Ringgit Malaysia One Million Five Hundred Seventy One Thousand Two Hundred Thirty Nine and Sen Eighty (RM1,571,239.80)** only ("**First Payment**") in the following manner:
 - (i) the sum of **Ringgit Malaysia Four Hundred Seventy One Thousand Three Hundred Seventy One and Sen Ninety Four (RM471,371.94)** only, being the Retention Sum as defined in Section 2.4.8 (a), being three percent (3%) of the Purchase Price, to the Purchaser's Solicitors as stakeholders; and
 - (ii) the sum of **Ringgit Malaysia One Million Ninety Nine Thousand Eight Hundred Sixty Seven and Sen Eighty Six (RM1,099,867.86)** only to the Vendor as further deposit and towards part payment of the Purchase Price.
- (b) The balance of the Purchase Price ("**Balance Purchase Price**"), comprising of the sums as mentioned below:-
 - (i) subject to Section 2.4.2 (e), the sum of **Ringgit Malaysia Twelve Million Five Hundred Sixty Nine Thousand Nine Hundred Eighteen and Sen Forty (RM12,569,918.40)** only ("**Second Payment**") shall be payable by the Purchaser to the Vendor within two (2) working days from the date of receipt of the Completion Management Account (as defined below) by the Purchaser ("**Second Payment Date**"), of which the Vendor has agreed to furnish the Completion Management Account on 10 January 2018 or from such other date of the Purchaser's actual receipt of the Completion Management Account from the Vendor, as the case may be;
 - (ii) subject to Section 2.4.3 (b) and Section 2.4.4 (a), the balance sum of the Purchase Price or the Adjusted Purchase Price pursuant to Section 2.4.3, as the case maybe, after deducting the First Payment and the Second Payment ("**Final Payment**") shall be payable by the Purchaser to the Vendor within fourteen (14) working days from the Second Payment Date or the Extended Second Payment Date (as defined below) as the case may be ("**Final Payment Date**").

- (c) In deriving the Balance Purchase Price payable and for accounting purpose, the Purchaser and Vendor agree to take 31 December 2017 as the “**Cut-Off Date**” and that the “**Completion Management Account**” shall be defined as the management account of MSSB as at 31 December 2017 after taking into account of the revaluation of the Property at RM15,025,488.70 and other assets of MSSB (excluding goodwill and intangible assets) less total liabilities of MSSB (including the deferred tax arising out of the revaluation of the Property) tabulated in accordance with the prevailing accounting standards for the purpose of determining the value of the net tangible asset of MSSB as at the Cut-Off Date (“**CD NTA**”).
- (d) In the event that the Purchaser shall fail to pay or procure the payment of:-
- (i) the Second Payment on or before the Second Payment Date, the Vendor shall grant to the Purchaser an extension of one (1) month to pay the same (the last day of such period shall be referred to as “**Extended Second Payment Date**”); and/or
 - (ii) the Final Payment on or before the Final Payment Date, the Vendor shall grant to the Purchaser an extension of one (1) month to pay the same (the last day of such period shall be referred to as “**Extended Final Payment Date**”),

provided always that the Purchaser shall pay to the Vendor interest at the rate of eight per centum (8%) per annum on the outstanding and unpaid balance of the Purchase Price calculated on a day to day basis from the day following the Second Payment Date and/or the Final Payment Date, as the case may be, to the date of actual payment thereof (“**Late Payment Interest**”), which payment shall be paid at the same time and together with the outstanding balance of the Purchase Price.

- (e) The Purchaser and Vendor further agree that any dividend or other distribution being declared and paid to the Vendor in accordance with the terms and conditions in the SSA shall be made during the period from the date of the SSA and the Second Payment Date or the Extended Second Payment Date, as the case may be, and not otherwise (“**the Dividend**”). For avoidance of doubt, the Dividend shall correspondingly reduce the sum payable for the Second Payment under Section 2.4.2 (b) (i) above, the CD NTA and thus reducing the Adjusted Purchase Price accordingly.

2.4.3 Adjustment of the Purchase Price

- (a) In the event the CD NTA is lesser or greater than the Proforma NTA, as the case may be, then the Purchase Price shall be adjusted and calculated accordingly as follows (“**Adjusted Purchase Price**”):-

- (i) in the case where the CD NTA is lesser than the Proforma NTA

Adjusted Purchase Price = Purchase Price – RM (Proforma NTA – CD NTA);

- (iii) in the case where the CD NTA is greater than the Proforma NTA

Adjusted Purchase Price = Purchase Price + RM (CD NTA – Proforma NTA);

provided always that the CD NTA shall not be in excess of the sum of Ringgit Malaysia Sixteen Million (RM16,000,000.00) (“**Threshold NTA**”).

- (b) In the event the CD NTA is greater than the Threshold NTA, the Purchaser and Vendor hereto shall negotiate in good faith on such alternative payment date and payment mechanisms, including but not limited to, inter alia, for the Vendor to procure MSSB to further declare dividend or other distribution so as to reduce the value of the net tangible asset of MSSB from the Threshold NTA. After such reduction, the Adjusted Purchase Price shall be calculated in accordance with Section 2.4.3 (a) above.

2.4.4 Due Diligence Review

- (a) Upon the Purchaser's receipt of the Completion Management Account from the Vendor, the Purchaser shall conduct a final due diligence review and verification on MSSB based on the Completion Management Account furnished and if the outcome of the Purchaser's final due diligence review and verification is satisfactory to the Purchaser, the Purchaser shall proceed to pay the Final Payment in accordance with Section 2.4.2 (b) (ii).

2.4.5 Completion

- (a) Completion shall take place at the office of the Purchaser on the Final Payment Date or the Extended Final Payment Date, as the case may be.

2.4.6 Delivery of Legal and Actual Possession

- (a) The Purchaser and Vendor agree that the legal possession of the Property shall be delivered by the Vendor to the Purchaser one (1) day after the Cut-Off Date, which falls on 1 January 2018 ("**LP Date**").
- (b) The Purchaser and Vendor further agree that notwithstanding the LP Date, the Vendor shall continue to have actual site possession of the Property. In this respect, the Vendor agree to rent the Property together with the leasing of all equipment and machineries as well as the secondment of all existing manpower of MSSB from the Purchaser commencing from the LP Date ("**Tenancy**") on a month-to-month basis, and that the monthly charges and fees (inclusive of the monthly electricity, water and sewerage charges) payable by the Vendor to the Purchaser shall be **Ringgit Malaysia Two Hundred and Thirty Five Thousand (RM235,000.00)** only. During the Tenancy period, the Vendor shall be responsible to bear all telecommunication charges and other similar charges (if any).
- (c) The Vendor shall deliver the actual site possession of the Property together with all the fittings and fixtures therein, equipment and machineries in good working order and repair (fair wear and tear excepted) on 1 April 2018 failing which the Vendor agree to pay the Purchaser interest at the rate of eight per centum (8%) per annum calculated on a daily basis on the Purchase Price from 1 April 2018 until the date of delivery of actual site possession of the Property to the Purchaser.

2.4.7 Indemnity

- (a) Without prejudice to any of the Purchaser's or the Vendor's other rights or remedies, the defaulting party under the SSA ("**Indemnifying Party**") undertakes to and agrees with the non-defaulting party ("**Indemnified Party**") that the Indemnifying Party shall at all times indemnify and keep the Indemnified Party fully and effectively indemnified against all loss, actions, proceedings, claims and demands, damages, penalties, costs and expenses, charges and tax liabilities which may be brought or made against or incurred by the Indemnified Party or which the Indemnified Party may directly or indirectly suffer by reason of or arising out of any breach or non-compliance of all or any of the covenants, undertakings, representations and warranties by the Indemnifying Party as set out in the SSA.

2.4.8 Real Property Gains Tax

- (a) The Purchaser and Vendor agree that the Purchaser's solicitors shall be irrevocably authorized to retain a sum not exceeding three (3%) per cent of the Purchase Price from the First Payment amounting to **Ringgit Malaysia Four Hundred Seventy One Thousand Three Hundred Seventy One and Sen Ninety Four (RM471,371.94)** only ("Retention Sum") and further the Purchaser's solicitors shall be authorised to release and pay the Retention Sum to the Director-General of Inland Revenue within sixty (60) days from the date hereof towards payment of the real property gains tax payable in respect of the Vendor's disposal of the Sale Shares to the Director-General of Inland Revenue.
- (b) In the event that the real property gains tax levied by the Director-General of Inland Revenue shall exceed the Retention Sum, the Vendor shall pay the shortfall so levied to the Director-General of Inland Revenue upon being notified of the same and keep the Purchaser indemnified against all claims, demands, penalties, fines or proceedings arising out of the non-payment of such tax or portion thereof by the Vendor under the RPGT Act (if any).

2.4.9 Warranties and Undertakings by the Vendor

- (a) The Vendor warrants to the Purchaser that:
 - (i) there is no such other undisclosed or unaccounted liabilities of MSSB other than as contained in the Proforma Balance Sheet and/or the Completion Management Account and that all information provided in the Proforma Balance Sheet and the Completion Management Account shall represent the true and accurate state of affair of MSSB as at that date;
 - (ii) the Vendor shall notify the Purchaser in writing prior to the Dividend being declared and paid to the Vendor between the date of SSA and the Second Payment Date or the Extended Second Payment Date, as the case may be, pursuant to Section 2.4.2 (e) or prior to any other dividend and distribution being declared and paid to the Vendor pursuant to Section 2.4.3 (b), if any; and
 - (iii) the Completion Management Account shall be furnished by the Vendor to the Purchaser on 10 January 2018 for the purpose of Completion and to determine any adjustment of the Purchase Price in accordance with Section 2.4.3. In the event there is any possible delays on the part of the Vendor to furnish the Completion Management Account, the Vendor further agree to promptly notify the Purchaser of any such delays and the new timeline for the Vendor to furnish the Completion Management Account to the Purchaser.
- (b) The truth and correctness of all the matters stated in the warranties within the SSA shall form the basis of both the Purchaser's and the Vendor's commitment to execute the SSA. If such Vendor's warranties made shall, at any time hereafter, be found to have been incorrect in any material respect then and in such event and notwithstanding anything to the contrary contained herein, the Purchaser shall have the right at its absolute discretion to terminate the SSA and upon such termination the Vendor shall refund to the Purchaser without interest all other monies paid pursuant to the SSA within fourteen (14) days from the date of the notice of termination and thereafter the SSA shall be null and void and of no further force or effect save and except for any antecedent breach of the SSA and the Vendor shall be at liberty to sell or otherwise to dispose of the Sale Shares at such price and in such other manner and to such other person or persons as the Vendor shall think fit.

2.5 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration, which is subject to further adjustments as set out in Section 2.4.3 in this announcement, was arrived at on a willing-buyer willing-seller basis after taking into consideration the Proforma NTA of MSSB of RM15,712,398 based on the audited net tangible asset ("**NTA**") of MSSB as at 31 March 2017, after taking into account the revaluation of the Property.

The computation of the Proforma NTA of MSSB is as follows:-

	RM
Audited NTA of MSSB as at 31 March 2017	7,416,039
Add: Revaluation surplus from the Property ⁽¹⁾	10,916,262
Less: Deferred tax impact	(2,619,903)
Proforma NTA of MSSB	15,712,398

Note:-

(1) The revaluation surplus arising from revaluation of the Property is arrived at based on the valuation of the Property of RM15,025,489 and based on the carrying amount of the Property of RM4,109,227 as at 31 March 2017.

2.6 Liabilities to be assumed by TASCO

Save for the obligations and liabilities arising from or in connection with the SSA, there are no other liabilities, contingent liabilities and/ or guarantees to be assumed by TASCO pursuant to the MSSB Acquisition.

2.7 Source of funding

The Purchase Consideration for the MSSB Acquisition is expected to be funded via a combination of borrowings and/or internally generated funds, the proportion of which will be determined at a later date.

3. RATIONALE FOR THE MSSB ACQUISITION

The Property is located adjacent to an existing warehouse owned and operated by TASCO. As such, the close proximity of the Property to the current warehouse of TASCO allows TASCO to utilize the Property to complement its existing warehousing operations and to cater for additional future demand, should the need arise.

4. RISK FACTORS IN RELATION TO THE MSSB ACQUISITION

4.1 Non-completion of the MSSB Acquisition

The completion of the MSSB Acquisition is subject to the conduct and outcome of the due diligence review on MSSB by the Purchaser as well as the final due diligence review upon receipt of the Completion Management Account from the Vendor on 10 January 2018.

There is also a possibility that the MSSB Acquisition may not be completed due to failure in fulfilling any of the payment obligations by TASCO within the timeframe as prescribed in the SSA.

Nevertheless, both parties shall use their best endeavours to complete the MSSB Acquisition within the stipulated timeframe contained in the SSA.

4.2 Business risk

The business of MSSB is subject to business risks inherent in the logistics industry of which TASCOT is already involved in which includes, any material fluctuations in the economic, social and political conditions as well as the import and export industry in Malaysia. Competition within the logistics and/or operating of container depots may also intensify as the industry continues to grow further and additional new investments are made by competitors. Any unfavourable changes in such conditions may have a material effect on the business of MSSB moving forward.

It is the intention of the Vendor to eventually vacate the Property along with its existing business operations upon the expiry of the Tenancy which will have an adverse impact on the financial performance of MSSB in the near future. Nevertheless, the management of TASCOT will continue to seek other alternatives for the Property including utilising the container depot for TASCOT's internal use prior to converting the Property into additional warehouses. However, there is no assurance that the anticipated benefits will be realised and the management of TASCOT will seek to limit these risks by adopting prudent investment strategies as well as conducting detailed assessment prior to making any investment decisions.

4.3 Funding and interest rate risk

TASCOT may seek external financing to fund the MSSB Acquisition. The Company's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, political and social conditions in Malaysia. There can be no assurance that the necessary financing will be available in terms and conditions which are acceptable to TASCOT.

Moreover, TASCOT could potentially be exposed to fluctuations in interest rates on such financing obtained, leading to higher borrowing costs which may adversely affect TASCOT's future results of operations and financial performance as well as its ability to service future loan repayment obligations. Nevertheless, the management team of TASCOT shall continuously monitor and review its debt financing by taking into consideration its existing gearing level, interest costs and cash flows to achieve an overall optimal capital structure.

5. PROSPECTS OF THE MSSB ACQUISITION

As set out in Section 3 of this announcement, the MSSB Acquisition represents an opportunity to provide TASCOT with additional landbank which would complement the existing warehouse operations of TASCOT and may be converted into additional warehouses to cater for any increase in demand moving forward. Barring any unforeseen circumstances, the MSSB Acquisition is expected to be beneficial for TASCOT.

6. FINANCIAL EFFECTS OF THE MSSB ACQUISITION

The MSSB Acquisition will not have any effect on the share capital as well as the shareholdings of the substantial shareholders of TASCOT, as the Purchase Consideration for the MSSB Acquisition will be satisfied entirely by cash and does not involve any issuance of new shares in TASCOT.

The MSSB Acquisition will not have any material effect on the earnings, earnings per share, net assets and gearing of TASCOT for the year ending 31 March 2018.

As at the date of this announcement, the Company does not have any convertible securities in issue.

7. HIGHEST PERCENTAGE RATIOS APPLICABLE

The highest percentage ratio applicable to the MSSB Acquisition as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") is approximately 4.82%, calculated based on the indicative Purchase Consideration as compared to the consolidated net assets of TASCOT based on its latest audited consolidated financial statements for the FYE 31 March 2017 of RM340.67 million.

8. APPROVALS REQUIRED

The MSSB Acquisition is not subject to the approval of the shareholders of TASCOT or any governmental authorities.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

The MSSB Acquisition is deemed to be a related party transaction under Paragraph 10.08 of the Listing Requirements. The ultimate holding company of MSSB is NYKK which is also the ultimate holding company of TASCOT by virtue of NYKK's direct and indirect shareholding in TASCOT (through Yusen Logistics Co., Ltd. and Yusen Logistics (Singapore) Pte Ltd).

Mr. Masaki Ogane is a Non-Independent Executive Director of TASCOT as well as the authorised representative of Yusen Logistics Co., Ltd, which is a subsidiary company of NYKK and a major shareholder of TASCOT. Mr. Yasushi Ooka is also a Non-Independent Non-Executive Director of TASCOT as well as the authorised representative of NYKK.

Save as disclosed above, none of the directors and/or major shareholders of TASCOT and/or persons connected to them have any interest, direct and/or indirect, in the MSSB Acquisition.

As at the date of this announcement, save for the MSSB Acquisition and all recurrent related party transactions which were disclosed and approved by shareholders of TASCOT in the annual general meeting held, there are no other related party transactions transacted with NYKK, Mr. Masaki Ogane and/or Mr. Yasushi Ooka (including persons connected to them) for the 12 months preceding the date of this announcement.

10. DIRECTORS' STATEMENT

The Board (save for the interested director), after having considered all aspects of the MSSB Acquisition, including but not limited to the following:

- i. the basis and justification of the Purchase Consideration;
- ii. the salient terms of the SSA;
- iii. the rationale;
- iv. the risk factors; and
- v. the financial effects of the MSSB Acquisition,

and after careful deliberation, is of the opinion that the MSSB Acquisition is in the best interests of TASCOT.

11. STATEMENT BY THE AUDIT COMMITTEE

After having considered all aspects of the MSSB Acquisition, the Audit Committee of TASCO is of the opinion that the MSSB Acquisition is:

- i. in the best interests of TASCO;
- ii. fair, reasonable and on normal commercial terms; and
- iii. not detrimental to the interests of the minority shareholders of TASCO.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the MSSB Acquisition is expected to be completed by the first quarter of calendar year 2018.

13. DOCUMENTS FOR INSPECTION

The SSA and the Valuation Report are available for inspection during normal business hours at TASCO's registered office at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 3 November 2017.