

# OTHERS MUAR BAN LEE GROUP BERHAD (MBL OR THE COMPANY) SHARE SUBSCRIPTION OF IDR12,540,000,000.00 (WHICH EQUIVALENT TO RM3,931,290.00) FOR A NEWLY PAID UP SHARE CAPITAL IN PT BANYUASIN NUSANTARA SEJAHTERA (BNS) BY ITS WHOLLY-OWNED SUBSIDIARY, MUAR BAN LEE ENGINEERING SDN BHD (MBLE) WHICH REPRESENTING 33% EQUITY INTEREST IN BNS AND TO BE SATISFIED IN CASH (THE SUBSCRIPTION)

## MUAR BAN LEE GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	MUAR BAN LEE GROUP BERHAD (MBL OR THE COMPANY)  SHARE SUBSCRIPTION OF IDR12,540,000,000.00 (WHICH EQUIVALENT TO RM3,931,290.00) FOR A NEWLY PAID UP SHARE CAPITAL IN PT BANYUASIN NUSANTARA SEJAHTERA (BNS) BY ITS WHOLLY-OWNED SUBSIDIARY, MUAR BAN LEE ENGINEERING SDN BHD (MBLE) WHICH REPRESENTING 33% EQUITY INTEREST IN BNS AND TO BE SATISFIED IN CASH (THE SUBSCRIPTION)

### 1. INTRODUCTION

The Board of Directors ("Board") of MBL, wishes to announce that MBL has entered into an agreement on 24 October 2016 to subscribe a newly addition allotment of IDR12,540,000,000.00 (which is equivalent to RM3,931,290.00) paid up share capital in BNS at par value and to be settled in cash. The new subscription of share capital invested by MBL is presented 33% shareholding on total issued and paid up share capital of BNS.

### 2. DETAILS OF THE SUBSCRIPTION

Pursuant to the Subscription, MBL is allocate a total share capital amounted IDR12,540,000,000.00 which is equivalent to RM3,931,290.00 ("Purchase Consideration") based on total settlement in cash. From the subscription, total shareholding held by MBL will represented 33% equity interest in BNS and BNS is become a Associate Company of MBL.

#### (a) Basis and justification for the purchase consideration

The Purchase Consideration was arrived at on a willing buyer-willing seller basis, and after taking into consideration the audited consolidated net assets of BNS as at 31 December 2015 and the potential earnings of BNS.

#### (b) Salient terms of the Subscription

##### Payment Terms

The share application money shall be paid to BNS upon submission of share application. There are no liabilities including contingent liabilities and guarantees to be assumed by BNS under the Subscription, other than those arising in the ordinary course of business of BNS.

### 3. INFORMATION ON MBL

MBLE, (Company No. 166822-V), a company incorporated pursuant to the laws of Malaysia and having its business address at JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.

The Company is principally involved in manufacturing and trading in all kinds of machinery, tools, plants, hardwares, building materials, accessories and engineering requisites.

The authorised share capital of MBL is RM5,000,000.00 comprising of 5,000,000 ordinary shares of RM1/- each and the issued and paid-up share capital is RM2,000,000.00.

### 4. INFORMATION ON BNS

BNS (AHU-35861.A.H.01.01 Tahun 2011), a limited liability company existing under the laws of the Republic of Indonesia incorporated on date 19 July 2011 and its principal activities are dealing in manufacturing coconut oil, crude oil, crude palm oil, palm kernel oil and to market and distribute the said products manufactured. The company status of BNS was PT Penanaman Modal Asing (PMA) which listed in the Akta No. 88 dated 30/06/2011, confirmed by Menteri Hukum dan Hak Asasi Manusia (MHHAM) in decision letter dated 19/07/2011 No AHU-35861.AH.0101. Tahun 2011 and which also announced and uploaded in Berita Negara Rep Indonesia dated 02/10/2012 No 79 Tambahan No, 56817. The principal address of BNS is at Jalan Tanjung Siapi-api, Keseluruhan Karang Anyar, Kecamatan Muara Telang, Banyuasin, Sumatera Selatan, Indonesia.

Currently, the authorised and paid up share capital of BNS is IDR16,000,000,000 comprised of 16,000 ordinary shares of IDR1,000,000 per share and the issued and paid up share capital of BNS is IDR16,000,000,000.00 which were contributed by Tuan Khor Soo Ping, Malaysian, (50%) and Tuan Sian, Indonesian (50%).

Pursuant to the acceptance of share subscriptions by MBLE and other parties and upon completion of the capital injection, the authorised and paid up share capital of BNS will be increased to IDR38,000,000,000.00 comprised of 38,000 ordinary shares of IDR1,000,000 per share. New shareholders structure of BNS will be:-

MBLE, Malaysian Corporation	33%
Tuan Khor Soo Ping, Malaysian	31%
Tuan Sian, Indonesian	31%
Lina, Indonesian (new shareholders)	5%

The earnings per share of BNS is ID58,662 (equivalent to RM18.39) and its fair value is IDR1,209,506 (equivalent to RM379.15) per ordinary share as per financial result for the year ended 31 December 2015.

## **5. SOURCE OF FUNDING**

Funding for the investment in BNS by MBLE is sourced from its internal generated funds.

## **6. EFFECTS OF THE SUBSCRIPTION**

The Subscription is not expected to have any material effect on MBL's consolidated earnings, earnings per share, Net Asset (NA), NA per share and gearing. The Subscription will not have any effect on MBL's share capital and substantial shareholders' shareholding.

## **7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

The Related Parties are deemed interested in the Subscription and have abstained themselves from Board deliberation and voting on the resolution approving the Subscription. Save as disclosed, none of the other Directors, Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Subscription.

## **8. APPROVALS REQUIRED**

The Subscription is not subject to the approval of the shareholders of MBL and relevant government authorities. Approval from the government authorities in Indonesia, directors and shareholder of BNS and the directors of MBL are request.

## **9. DIRECTORS' STATEMENT**

The Board of MBL, after considered all aspects related to this investment and is in the opinion that the Subscription would be in the best interest for the MBL to venture into upstream industry of crude palm oil and palm kernel oil processing and manufacturing. The consideration also fair and reasonable and on normal commercial terms which is a best interest for the Company and their shareholders as a whole and do not detrimental to the interest of the minority shareholders as the investment is expected to contribute positively to the consolidated future earnings of MBL.

## **10. AUDIT COMMITTEE'S STATEMENT**

After reviewed the financial and operational due diligence reporting and considered all aspects of the Subscription, the Audit Committee of MBL is of the opinion that the Subscription is:-

(a) in the best interest of MBL to venture into upstream industry of crude palm oil and palm kernel oil processing and manufacturing;

(b) fair and reasonable and on normal commercial terms; and

(c) not detrimental to the interest of the minority shareholders as the Subscription is expected to contribute positively to the consolidated future earnings of MBL.

#### **11. PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

The highest percentage ratio pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the Subscription is 4.29% calculated based on total value of the consideration of the Subscription compared with the net assets of MBL Group.

#### **12. DOCUMENTS AVAILABLE FOR INSPECTION**

The relevant documents will be made available for inspection at the registered office of MBL at 85, Muntri Street, 10200 Penang from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

#### **13. ESTIMATED TIMEFRAME FOR COMPLETION**

The Subscription will be completed within 30 days.

This announcement is dated 25 October 2016.

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#### **Announcement Info**

<b>Company Name</b>	MUAR BAN LEE GROUP BERHAD
<b>Stock Name</b>	MBL
<b>Date Announced</b>	25 Oct 2016
<b>Category</b>	General Announcement for PLC
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