

# OTHERS MUAR BAN LEE GROUP BERHAD (MBL OR THE COMPANY) SHARE SUBSCRIPTION OF IDR15,300,000,000.00 (WHICH EQUIVALENT TO RM4,570,070.00) FOR A NEWLY PAID UP SHARE CAPITAL IN PT. SERDANG JAYA PERDANA (SJP) BY ITS WHOLLY-OWNED SUBSIDIARY, MUAR BAN LEE ENGINEERING SDN BHD (MBLE) WHICH REPRESENTING 51.0% EQUITY INTEREST IN SJP AND TO BE SATISFIED IN CASH (THE SUBSCRIPTION)

## MUAR BAN LEE GROUP BERHAD

<b>Type</b>	Announcement
<b>Subject</b>	OTHERS
<b>Description</b>	MUAR BAN LEE GROUP BERHAD (MBL OR THE COMPANY)  SHARE SUBSCRIPTION OF IDR15,300,000,000.00 (WHICH EQUIVALENT TO RM4,570,070.00) FOR A NEWLY PAID UP SHARE CAPITAL IN PT. SERDANG JAYA PERDANA (SJP) BY ITS WHOLLY-OWNED SUBSIDIARY, MUAR BAN LEE ENGINEERING SDN BHD (MBLE) WHICH REPRESENTING 51.0% EQUITY INTEREST IN SJP AND TO BE SATISFIED IN CASH (THE SUBSCRIPTION)

### 1. INTRODUCTION

The Board of Directors ("Board") of MBL, wishes to announce that MBL has today subscribe a newly addition allotment of IDR15,300,000,000.00 (which is equivalent to RM4,570,070.00) paid up share capital in SJP at par value and to be settled in cash. The new subscription of share capital invested by MBL is presented 51% shareholding on total issued and paid up share capital of SJP.

### 2. DETAILS OF THE SUBSCRIPTION

Pursuant to the Subscription, MBL is allocate a total share capital amounted IDR15,300,000,000.00 which is equivalent to RM4,570,070.00 ("Purchase Consideration") based on today exchange rate and settlement in cash. From the subscription, total shareholding held by MBL will represented 51.0% equity interest in SJP and SJP is become a subsidiary of MBL.

#### 2.1 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 SJP as at 31 December 2014 and the potential earnings of SJP.

#### 2.2 Salient terms of the Subscription

##### Payment Terms

The share application money shall be paid to SJP upon submission of share application.

There are no liabilities including contingent liabilities and guarantees to be assumed by SJP under the Subscription, other than those arising in the ordinary course of business of SJP.

### 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 MBLE 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 SJP**

SJP was incorporated on 14 April 2009 and is engaged in the business of Palm Kernel Crushing Plant where Crude Palm Kernel Oil is extracted from Palm Kernel.

The manufacturing unit and the registered address of SJP is at Dusun V A. Kadir RT.0 RW0 Tandam Hulu II, Hamparan Perak, Kabupaten Deli Serdang, Propinsi Sumatera Utara, Republic of Indonesia.

Currently, the authorised share capital of SJP is IDR30,000,000,000 comprised of 30,000 ordinary share of IDR1,000,000 per share and the issued and paid up share capital of SJP is IDR10,000,000,000.00 which shall be contributed by Mr Sian (75.2%) and Mr. Sugih Suhendra (24.8%).

Pursuant to the acceptance of share subscription by MBLE and upon completion of the capital injection, the paid up share capital of SJP will be increased to IDR30,000,000,000.00 and SJP will be held by MBLE and the existing shareholders as to 51% and 49% respectively.

The earnings per share of SJP is IDR3,581 (equivalent to RM1.07) and its fair value is IDR26,234 (equivalent to RM7.84) per ordinary share as per financial result for the year ended 31 December 2014.

#### **5. SOURCE OF FUNDING**

Funding for the investment in SJP 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 SJP and the directors of MBL are request.

#### **9. DIRECTORS' STATEMENT**

The Board of MBL (save for the Interested Directors), after having considered all aspects of the Subscription, is in the opinion that the Subscription would be in the best interest of the MBL to venture into upstream industry of palm kernel oil processing and manufacturing. The Subscription also is a fair and reasonable and on normal commercial terms which is a best interest of the Company and their shareholders as a whole and do not detrimental to the interest of the minority shareholders as the

Subscription is expected to contribute positively to the consolidated future earnings of MBL.

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

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

- (i) in the best interest of MBL to venture into upstream industry of palm kernel oil processing and manufacturing;
- (ii) fair and reasonable and on normal commercial terms; and
- (iii) 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 5.58% 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 60 days.

This announcement is dated 28 September 2015.

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#### **Announcement Info**

<b>Company Name</b>	MUAR BAN LEE GROUP BERHAD
<b>Stock Name</b>	MBL
<b>Date Announced</b>	28 Sep 2015
<b>Category</b>	General Announcement for PLC
<b>Reference Number</b>	GA1-28092015-00033