

MTD ACPI ENGINEERING BERHAD (258836-V)

General Announcement

SUBJECT: RECURRENT RELATED PARTY TRANSACTIONS

DESCRIPTION: AWARD OF TURNKEY CONTRACT FOR THE DESIGN, CONSTRUCTION AND COMPLETION OF NUEVA ECIJA GOVERNMENT CENTER AND CENTRAL BUSINESS HUB LOCATED IN PALAYAN CITY, NUEVA ECIJA, THE PHILIPPINES BY ALLOYMTD PALAYAN INC TO MTD CONSTRUCTION (PHILIPPINES), INC

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1.0 INTRODUCTION

MTD ACPI Engineering Berhad ("**MTDACPI**" or "**Company**") wishes to announce that MTD Construction (Philippines), Inc ("**MTDCPI**" or "**Turnkey Contractor**"), a subsidiary of MTD Construction Sdn Bhd ("**MTDC**"), which in turn is a wholly-owned subsidiary of MTDACPI had on 16 November 2015, entered into a turnkey contract agreement for the Design, Construction and Completion of Nueva Ecija Government Center and Central Business Hub in Palayan City, Nueva Ecija, the Philippines ("**Turnkey Contract**" or "**Works**") with AlloyMtd Palayan, Inc ("**AMPI**"), a subsidiary of MTD Equity Sdn Bhd ("**MTDE**"), which in turn is a wholly-owned subsidiary of MTD Capital Bhd ("**Transaction**").

2.0 INFORMATION ON THE TURNKEY CONTRACT

The Turnkey Contract is on a fixed lump sum price of Philippines Pesos One Billion Five Hundred Thirty Four Million Five Hundred Sixty Eight Thousand Five Hundred Fifty Six (PHP1,534,568,556) inclusive of all applicable taxes (equivalent to approximately RM142,688,788).

The duration of the Turnkey Contract is 16.5 months, inclusive of 1 month post-construction activities. The Works is anticipated to commence from the date of signing of the Turnkey Contract agreement and to be completed by 28 February 2017.

3.0 EFFECTS OF THE TURNKEY CONTRACT

The Turnkey Contract is expected to contribute positively to the future earnings and net assets of MTDACPI and its subsidiaries ("**MTDACPI Group**") and would not have any effect on the share capital or shareholdings of the substantial shareholders of MTDACPI.

4.0 RISK FACTORS

The risk is in relation to construction. Construction risk will be low considering that MTDACPI has vast experience in dealing with the building and infrastructure works and is familiar with the operating environment in Philippines.

5.0 APPROVALS REQUIRED

The Transaction is a recurrent related party transaction for MTDACPI. MTDACPI has obtained shareholders' pre-mandate for the provision of civil engineering, construction and property development works to MTD and its subsidiaries ("**MTD Group**") of up to RM1.7 billion in its Annual General Meeting held on 17 September 2015, which include the Turnkey Contract.

The Transaction is not subject to the approval of any other regulatory authorities.

6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the Directors, major shareholders and persons connected with a Director or a major shareholder of MTDACPI has any interest, direct or indirect, in the Transaction:-

The interested Directors of MTDACPI as at 30 October 2015 are as follows:-

- (a) Dato' Dr. Azmil Khalili bin Dato' Khalid; and
- (b) Datin Nik Fuziah binti Tan Sri Nik Hussein.

The shareholdings of the interested Directors of MTDACPI based on the Record of Depositors as at 30 October 2015 are as follows:-

Directors	No of ordinary shares			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
Dato' Dr. Azmil Khalili bin Dato' Khalid	-	-	156,565,409	67.78 ⁽²⁾
Datin Nik Fuziah binti Tan Sri Nik Hussein	-	-	156,565,409	67.78 ⁽³⁾

Notes:

⁽¹⁾ Net of 637,000 treasury shares held.

⁽²⁾ Deemed interested by virtue of his spouse's substantial interest in Alloy Consolidated Sdn Bhd ("**Alloy**"). Alloy has indirect shareholding of 67.78% in MTDACPI.

⁽³⁾ Deemed interested by virtue of her substantial interest in Alloy.

The interested Major Shareholders of MTDACPI based on the Record of Depositors as at 30 October 2015 are as follows:-

Major Shareholders	No of ordinary shares			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
MTD Equity Sdn Bhd	88,000,000	38.10	-	-
Metacorp Berhad (“ Metacorp ”)	27,254,610	11.80	-	-
Alloy Capital Sdn Bhd (“ ACSB ”)	39,295,999	17.01	117,269,410 ⁽²⁾	50.77
Lambang Simfoni Sdn Bhd	-	-	27,254,610 ⁽³⁾	11.80
MTD Capital Bhd (“ MTD ”)	2,014,800	0.87	115,254,610 ⁽⁴⁾	49.89
Nikvest Sdn Bhd (“ Nikvest ”)	-	-	117,269,410 ⁽⁵⁾	50.77
Alloy	-	-	156,565,409 ⁽⁶⁾	67.78
Tan Sri Dr. Nik Hussain bin Abdul Rahman	-	-	156,565,409 ⁽⁷⁾	67.78
Dato’ Dr. Azmil Khalili bin Dato’ Khalid	-	-	156,565,409 ⁽⁸⁾	67.78
Datin Nik Fuziah binti Tan Sri Nik Hussein	-	-	156,565,409 ⁽⁹⁾	67.78
Haji Nik Fauzi bin Tan Sri Nik Hussein	-	-	117,269,410 ⁽¹⁰⁾	50.77
Nik Faizul bin Tan Sri Nik Hussain	-	-	117,278,660 ⁽¹¹⁾	50.77
Ruslan Sulaiman	-	-	156,565,409 ⁽¹²⁾	67.78

Notes:

- (1) Net of 637,000 treasury shares held.
- (2) Deemed interested by virtue of its major shareholding in MTD.
- (3) Deemed interested by virtue of its major shareholding in Metacorp.
- (4) Deemed interested by virtue of the interests of its wholly-owned subsidiaries namely, MTD Equity Sdn Bhd and Metacorp.
- (5) Deemed interested by virtue of its major shareholding in MTD.
- (6) Deemed interested by virtue of the interests of its subsidiaries namely, MTD and ACSB. Alloy has direct shareholding of 26.01% and indirect shareholding of 51.18% in MTD through its wholly-owned subsidiaries, ACSB (47.78%) and Alloy Concrete Engineering Sdn Bhd (3.40%).
- (7) Deemed interested by virtue of his interests in MTD through his and his children’s major shareholdings in Nikvest and his daughter’s substantial interest in Alloy.
- (8) Deemed interested by virtue of his spouse’s substantial interest in Alloy.
- (9) Deemed interested by virtue of her major shareholdings in Alloy.
- (10) Deemed interested by virtue of his major shareholdings in Nikvest.
- (11) Deemed interested by virtue of his spouse’s shareholding in MTDACPI and his major shareholding in Nikvest.
- (12) Deemed interested by virtue of his major shareholdings in Alloy.

In view of the interests of the interested Directors and interested Major Shareholders as set out above, the Transaction is deemed a related party transaction. The interested Directors namely Dato’ Dr. Azmil Khalili bin Dato’ Khalid and Datin Nik Fuziah binti Tan Sri Nik Hussein (collectively referred to as “**Interested Directors**”), have abstained and will continue to abstain from deliberating and voting on the Transaction at the Board level.

7.0 STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee having considered all aspects of the Transaction, is of the opinion that the Transaction is in the best interest of the Company, fair and reasonable based on normal commercial terms and is not detrimental to the interest of the minority shareholders.

8.0 STATEMENT BY THE BOARD OF DIRECTORS

Barring unforeseen circumstances, the Board of Directors of MTDACPI (excluding the Interested Directors) is of the opinion that the Transaction is in the best interest of the MTDACPI Group and the Transaction is expected to contribute positively to MTDACPI Group.

This announcement is dated the 16 November 2015.