

General Announcement for PLC (v13)

SUBMITTED

Created by MTD ACPI ENGINEERING BERHAD on 29 Jun 2016 at 2:01:37

Reference No. GA1-29062016-00032

PM

Submitted by MTD ACPI ENGINEERING BERHAD on 29 Jun 2016 at 5:55:31

PM

COMPANY INFORMATION SECTION			
Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
Company Name	MTD ACPI ENGINEERING BERHAD		
Stock Name	MTDACPI		
Stock Code	5924		
Board	Main Market		

CONTACT DETAIL			
Contact Person	Designation	Contact No	Email Address
MTD ACPI ENGINEERING BERHAD		016-2536356	cheong.weiling@alloymtd.com
CHAN BEE KUAN	Secretary	019-3568690	chan.beekuan@alloymtd.com
CHEONG WEI LING	Joint Secretary	016-2536356	cheong.weiling@alloymtd.com

MAIN	
Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	PROPOSED DISPOSAL OF A PARCEL OF VACANT INDUSTRIAL LAND HELD UNDER H.S.(D) 23583, LOT NO. PTD 8783, MUKIM OF SENAI, DISTRICT OF KULAJAYA, JOHOR DARUL TAKZIM BY ACP MARKETING SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF MTD ACPI ENGINEERING BERHAD TO KONG HWEE IRON WORKS & CONSTRUCTION (M) SDN. BHD.
Shareholder Approval	No

Announcement Details/Table Section

PROPOSED DISPOSAL OF A PARCEL OF VACANT INDUSTRIAL LAND HELD UNDER H.S.(D) 23583, LOT NO. PTD 8783, MUKIM OF SENAI, DISTRICT OF KULAJAYA, JOHOR DARUL TAKZIM BY ACP MARKETING SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF MTD ACPI ENGINEERING BERHAD TO KONG HWEE IRON WORKS & CONSTRUCTION (M) SDN. BHD.

PLEASE REFER TO THE ATTACHMENT FOR DETAILS OF THE ANNOUNCEMENT.

THIS ANNOUNCEMENT IS DATED 29 JUNE 2016.

Attachment	No	File Name	Size
	1	Announcement - Disposal of Senai Land by ACP Marketing(Final).pdf	254.4KB

MTD ACPI ENGINEERING BERHAD
General Announcement

DESCRIPTION : PROPOSED DISPOSAL OF A PARCEL OF VACANT INDUSTRIAL LAND HELD UNDER H.S.(D) 23583, LOT NO. PTD 8783, MUKIM OF SENAI, DISTRICT OF KULAIJAYA, JOHOR DARUL TAKZIM BY ACP MARKETING SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF MTD ACPI ENGINEERING BERHAD TO KONG HWEE IRON WORKS & CONSTRUCTION (M) SDN. BHD.

Content :

1.0 INTRODUCTION

MTD ACPI Engineering Berhad ("MTDACPI" or "Company") wishes to announce that its indirect wholly-owned subsidiary, ACP Marketing Sdn. Bhd. ("ACP Marketing" or "Vendor") had on 29 June 2016 entered into a Sale and Purchase Agreement ("SPA") with Kong Hwee Iron Works & Construction (M) Sdn. Bhd. ("KHIWC" or "Purchaser") for the proposed disposal of a parcel of vacant industrial land held under H.S.(D) 23583, Lot No. PTD 8783, Mukim of Senai, District of Kulaijaya, Johor Darul Takzim measuring approximately 261,360 square feet ("the Land"), for a total cash consideration RM5,540,832.00 [inclusive of 6% Malaysian Goods & Services Tax ("GST")] ("Disposal Price"), in accordance with the terms and conditions as stipulated in the SPA ("Proposed Disposal").

2.0 DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on ACP Marketing

ACP Marketing (Company No. 72977-M) was incorporated on 15 July 1981 as General Concrete (Johor) Sdn. Bhd. ("GCSB") in Malaysia under the Companies Act, 1965 and changed its name to Associated Concrete Products (Johor) Sdn. Bhd. ("ACPJSB") on 7 February 1984 and subsequently to ACP Marketing on 6 March 1991 with its registered address located at 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan.

The authorised share capital of ACP Marketing is RM250,000.00 divided into 250,000 ordinary shares of RM1.00 each and issued and paid-up share capital is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. ACP Marketing is wholly-owned by Associated Concrete Products (Malaysia) Sdn. Bhd., which in turn is wholly-owned by ACP (Tracks) Sdn. Bhd., a wholly-owned subsidiary of MTDACPI. ACP Marketing is principally engaged in marketing of precast concrete products.

2.2 Information on KHIWC

KHIWC (Company No. 897495-P) was incorporated on 7 April 2010 as a private limited company in Malaysia under the Companies Act 1965 with its registered address located at No. 37A, Jalan Seruling 2, Taman Sri Kulai Baru 2, 81000 Kulai, Johor.

The authorized share capital of KHIWC is 1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each and issued and paid-up share capital is RM 750,000.00 divided into 750,000 ordinary shares of RM1.00 each. KHIWC is principally engaged in general construction business.

2.3 Information of the Land

The summary information of the Land is set out below:

Description of the Land	: A parcel of vacant industrial land held under H.S.(D) 23583, Lot No. PTD 8783, Mukim of Senai, District of Kulaijaya, Johor Darul Takzim
Location of the Land / Postal Address	: No. PLO 10, Jalan Perindustrian, Kawasan Perindustrian Senai I, 81400 Senai, Johor Darul Takzim
Registered owner	: Associated Concrete Products (Johor) Sdn. Bhd. [Now known as ACP Marketing Sdn. Bhd.]
Tenure of the Land Lease	: 60-years expiring on 12 January 2047
Land area	: Approximately 261,360 square feet / 2.4281 hectares
Category of land use	: Manufacturing/Industrial
Express Condition	: <ul style="list-style-type: none">i) The Land shall be used for heavy industry factory and related usages thereto, to be built in accordance with the plan approved by the Local Authorities.ii) All waste from activities done on this Land must be channeled/disposed onto the allocated disposal areas determined by the Local Authorities.iii) All terms and conditions prescribed and regulated by the Local Authorities from time to time must be complied.
Restriction-in-interest	: <ul style="list-style-type: none">i) The Land shall not be disposed, charged, encumbered or alienated in any way including by way of deed for the aforesaid purposes without the consent of the Johor State Authority.ii) The Owner may only charge the Land one time to the Government or Statutory Bodies or Banks registered in Malaysia or Financial Institutions registered in Malaysia. Any subsequent charges shall only be done with the consent of the State Authority.
Encumbrances/Caveat	: A portion of the land measuring 525 square feet had been leased to Tenaga Nasional Berhad (200866-W) of No. 129, Jalan Bangsar, 50732 Kuala Lumpur for a period of 30 years commencing from 1 November 1988 to 31 October 2018
Date of Acquisition	1 April 1982
Original Cost of Investment	: RM3,058,304.00
Audited net book value of the Land as at 31 March 2015	: RM1,850,148.00

2.4 Basis of Disposal Price

The Disposal Price was arrived at on an “as is where is” and willing buyer willing seller basis in an arm’s-length transaction, based on the valuation of the Land.

The Land was valued as a parcel of vacant industrial land with vacant possession and subject to the title being free of all encumbrances at RM5,500,000.00 by Messrs. TD Aziz Sdn. Bhd., in their valuation report dated 1 October 2015, for the valuation conducted on 28 September 2015 (“**Valuation Report**”).

The method of valuation adopted was the Comparison Method whereby, comparison is made of the property under valuation with sales of other similar properties where the characteristics, benefits and restrictions of the comparable properties, as well as the conditions under which they were transacted are noted and adjusted accordingly to arrive at their opinion of value.

2.5 Salient Terms of the SPA

The salient terms of the SPA inter alia amongst others, the following:-

(A) Consideration

The Disposal Price is RM5,540,832.00 inclusive of 6% GST equivalent to RM313,632.00.

The Disposal Price shall be satisfied in the following manner:-

- a) 10% of the Disposal Price amounting to RM554,083.20 shall be payable by the Purchaser into the Vendor’s solicitor account upon execution of the SPA; and
- b) Balance 90% of the Disposal Price amounting to RM4,986,748.80 (“**Balance Purchase Price**”) shall be released to the Vendor by the Vendor’s solicitor after fourteen (14) days from the date of the presentation of Discharge of Charge (if any), Memorandum of Transfer and Charge (if any) in respect of the Land, provided always that the Balance Disposal Price shall be released to the Vendor on or before the Completion Date.

(B) Completion Date

Within four (4) months from the date of receipt by the Purchaser’s solicitors of the written notification together with documentary proof from the Johor State Authority that the approval has been obtained.

(C) Conditions Precedent

- a) The SPA is conditional upon the successful procurement of the consent/approval of the Johor State Authority (“**the said Approval**”) by the Vendor. The Vendor shall submit the application for the said Approval to Johor Land Registry within one (1) month from the date of the SPA or mutually agree to extend the time period for the submission of the said application. The said Approval is expected to be obtained within four (4) months from the date of the SPA.
- b) Upon the said Approval being obtained, the SPA shall be deemed to have become unconditional.

2.6 Liabilities to be Assumed

There are no liabilities, including contingent liabilities and guarantee, to be assumed by the Purchaser in connection with the Proposed Disposal.

3.0 UTILISATION OF PROCEEDS

The proceeds from the Proposed Disposal of RM5,227,200.00 (excluding GST) will be utilised for working capital of the Group.

4.0 RATIONALE OF THE PROPOSED DISPOSAL

The Land, which is not in use shall be disposed off as part of MTDACPI on-going group wide rationalization exercise for Manufacturing division.

5.0 EFFECTS OF THE PROPOSED DISPOSAL

5.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and the shareholdings of substantial shareholders of MTDACPI.

5.2 Earnings and Earnings Per Share

The Proposed Disposal is expected to result in an estimated net gain on disposal of approximately RM3.377 million or RM0.02 per share.

5.3 Net Assets ("NA") Per Share and Gearing

Based on the audited Consolidated Statements of Financial Position of MTDACPI as at 31 March 2015, the proforma effects of the Proposed Disposal on the NA and gearing of the MTDACPI Group are set out below:-

	Audited as at 31 March 2015 RM'000	After the Proposed Disposal RM'000
Share Capital	231,633	231,633
Reserves	(182,655)	(179,278)
NA attributable to equity holders	48,978	52,355
Minority Interests	14,565	14,565
NA	63,543	66,920
NA per share attributable to equity holders (RM)	0.27 ⁽¹⁾	0.29 ⁽²⁾
Total interest bearing borrowings	60,665	55,438
Gearing (times)	1.24	1.06

Notes:

(1) NA per share is computed after excluding 637,000 ordinary shares held as treasury shares as at 31 March 2015.

(2) The estimated net gain on disposal for the Proposed Disposal is RM3.377 million.

6.0 RISK FACTORS

The Board of Directors of MTDACPI is not aware of any risk from the Proposed Disposal, save for the Proposed Disposal is subject to the approval of the Johor State Authority. In the event the said approval is not obtained or fulfilled by the due date or rejected, the SPA shall be terminated and be no further effect and the deposit withheld by the Vendor's solicitors shall forthwith be refunded to the Purchaser.

7.0 HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 8.48%, based on the latest audited financial statements of MTDACPI as at 31 March 2015.

8.0 APPROVALS REQUIRED

Save for the approval of the Johor State Authority, no other regulatory approval is required to be obtained by the Company for the Proposed Disposal.

The Proposed Disposal is not subject to the approval of shareholders of MTDACPI pursuant to Paragraph 10.06 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

9.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders of MTDACPI and/or persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

10.0 DIRECTORS' STATEMENT

The Directors of MTDACPI are of the opinion that the Proposed Disposal is in the best interest of MTDACPI Group.

11.0 ESTIMATED TIMEFRAME TO COMPLETE

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by financial year ending 31 March 2017.

12.0 DOCUMENTS FOR INSPECTION

The SPA and the Valuation Report are available for inspection during normal office hours at the registered office of the Company at 1, Jalan Batu Caves, 68100 Batu Caves, 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 29 June 2016.