

Company Announcements

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Company Announcements

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS PROPOSED DISPOSAL OF A FIVE (5) STOREY COMMERCIAL BUILDING WITH A POSTAL ADDRESS OF NO. 56, JALAN LARUT, 10050 PULAU PINANG WHICH IS ERECTED ON A PIECE OF FREEHOLD LAND UNDER INDIVIDUAL TITLE NO. GRN 8892, LOT NO. 1047, SEKSYEN 13, BANDAR GEORGETOWN, DISTRICT OF TIMOR LAUT, STATE OF PENANG AND MEASURING APPROXIMATELY 1,590.91 SQUARE METERS IN AREA

MESINIAGA BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS
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1. Introduction

Pursuant to Paragraph 10.06 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, Mesiniaga Berhad ("Mesiniaga" or the "Company") wishes to announce that the Company, had on 27 July 2017 entered into a Sale and Purchase Agreement ("SPA") with Sparkle Gateway Sdn. Bhd. (Company No. 1193999-P) for the disposal of a five (5) storey commercial building with a postal address of No. 56, Jalan Larut, 10050 Pulau Pinang which is erected on a piece of freehold land under Individual Title No. GRN 8892, Lot No. 1047, Seksyen 13, Bandar Georgetown, District of Timor Laut, State of Penang and measuring approximately 1,590.91 square meters in area ("the Property") to Sparkle Gateway Sdn. Bhd. for a cash consideration of RM15,900,000 inclusive of GST ("Sale Consideration"), (hereinafter referred to as "the Proposed Disposal").

2. Information on Sparkle Gateway Sdn Bhd.

Sparkle Gateway Sdn. Bhd. ("Purchaser") is a company incorporated in Malaysia under the Companies Act, 1965 and having its registered address at 6879A, Jalan Raja Uda, Butterworth, 12300 Pulau Pinang.

3. Information on the Property

The details of the Property are set out below:

Identification	Individual Title No. GRN 8892, Lot No. 1047, Seksyen 13, Bandar Georgetown, District of Timor Laut, State of Penang
Postal Address	No. 56, Jalan Larut, 10050 Pulau Pinang
Description	Land together with the unit of a five (5) storey commercial building erected thereon
Tenure	Freehold

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Category of land use / Existing use	Commercial Building
Approximate age of building	16 years
Original cost of investment	RM10,104,023
Date of investment	29.06.2000
Net Book Value as of 31 December 2016	RM8,463,000
Encumbrances	The property is free from any encumbrances

4. Salient terms of the SPA

(a) Mesiniaga has agreed to sell and the Purchaser has agreed to purchase the Property free from all encumbrances and with vacant possession on an as is where is basis, subject to the terms and conditions as contained in the SPA.

(b) Payment terms for the sale consideration of RM15,900,000 inclusive of GST are as follows:-

(i) Deposit

Prior to the execution of the SPA, the Purchaser has paid to Mesiniaga's solicitors as stakeholder a sum of RM318,000 (Ringgit Malaysia Three Hundred Eighteen Thousand) as earnest deposit and towards part payment of the purchase price. The Purchaser shall pay a sum of RM1,272,000 (Ringgit Malaysia One Million Two Hundred Seventy Two Thousand) as part deposit and towards part payment of the purchase price upon execution of the SPA.

(ii) Balance Purchase Price

A sum of RM14,310,000 (Ringgit Malaysia Fourteen Million Three Hundred Ten Thousand) being the Balance Purchase Price shall be paid by the Purchaser to Mesiniaga's solicitors as stakeholder before or on 31 August 2017 (the last day for payment shall hereinafter referred to as "the Completion Date").

(c) Extension of Time

The Completion Date shall be automatically extended free of interest by one month upon occurrence of any of the following events :-

1. provided that the Purchaser has settled the difference between the Balance Purchase Price and the loan sum taken by the Purchaser and that Mesiniaga's solicitors are in receipt of the Purchaser's financier's undertaking to pay the loan sum to Mesiniaga, if Mesiniaga takes more than fourteen (14) days from the date of receipt of request by the Purchaser's solicitors to forward the original issue document of title and all relevant documents for presentation of transfer (if any) to the Purchaser's solicitors or financier's solicitors;
2. provided that the Purchaser has settled the difference between the Balance Purchase Price and the loan sum and that Mesiniaga's solicitors are in receipt of the Purchaser's financier's undertaking to pay the loan sum to Mesiniaga, if Mesiniaga's undertaking to refund the Purchase Price to the Purchaser in the event the Memorandum of Transfer cannot be registered for any reason whatsoever in not delivered to the Purchaser's solicitors or financier's solicitors within fourteen (14) days from the date of receipt of the request.

In the event of any of the occurrences of the abovementioned exceeds more than thirty (30) days from the fourteen (14) days thereof and due to no fault of any parties concerned and provided that the Purchaser's solicitors and Mesiniaga's solicitors has taken all reasonable steps and actions to rectify or obtain all the said relevant and necessary documents from the parties concerned, without prejudice to the rights of the Purchaser, the SPA may be terminated by the Purchaser through Purchaser's solicitors by notice in writing to Mesiniaga's solicitors, whereupon the Purchaser shall return to Mesiniaga the original issue document of title in respect of the said Property intact together with all the other relevant documents delivered thereto to Mesiniaga and Mesiniaga shall within fourteen (14) days thereof refund to the purchaser all monies paid towards the Purchase Price pursuant to the SPA without interest, failing which Mesiniaga shall pay interest on any outstanding sum due to the Purchaser at the rate of eight per centum (8%) per annum calculated from the fifteenth (15) days onwards to the date of full payment to the Purchaser and thereafter neither party shall have any claim, demand or action against the other in respect of any matter or thing arising in or out of the SPA.

(d) Default by the Purchaser

In the event the Purchaser fail to pay the Purchase Price or any part thereof in accordance with the provisions of the SPA, Mesiniaga shall be entitled to terminate the SPA by notice in writing summarily and on termination of the SPA, the Purchaser's rights shall be ended and whereupon the following consequences shall ensue :-

1. the sum of RM1,590,000 (Ringgit Malaysia One Million Five Hundred Ninety Thousand) shall be forfeited by Mesiniaga as liquidated damages but all other monies paid to Mesiniaga towards the Purchase Price pursuant to the SPA shall be refunded free of interest within fourteen (14) days to the Purchaser failing which Mesiniaga shall be liable to pay to the Purchaser interest at the rate of eight per centum (8%) per annum on such monies calculated on daily basis commencing from the date of forfeiture until the date of actual refund in full thereof; and
2. simultaneously with the refund of monies free on interest by the Purchaser, if any, the Purchaser shall return to Mesiniaga or the Purchaser's solicitors, the original issue document of title in respect of the said Property together with the documents delivered pursuant thereto with Mesiniaga's interest intact and the Purchaser shall present or cause to be presented for registration the withdrawal of any private caveat entered against the said Property at the relevant Land Office/Registry; and
3. thereafter the SPA shall be null and void and neither party shall have any claim, demand or action against the other in respect of any matter or thing arising in or out of the SPA save for any antecedent breach and Mesiniaga shall be at liberty to sell or otherwise dispose of the said Property at such price and in such other manner and to such other person or persons as Mesiniaga shall in its absolute

and in such other manner and to such other person or persons as Mesiniaga shall in its absolute discretion think fit.

(e) Default by Mesiniaga

In the event of Mesiniaga failing to complete the sale of the said Property in accordance with the provisions of the SPA, the Purchaser shall be entitled to the relief of specific performance of the contract or at the option of the Purchaser to accept a refund of the Deposit Sum of RM1,590,000 (Ringgit Malaysia One Million Five Hundred Ninety Thousand) and a further sum equivalent to the deposit sum as agreed liquidated damages in exchange for the return of the original issue document of title in respect of the said Property and all other documents delivered pursuant thereto with Mesiniaga's interest intact and the withdrawal of any private caveat entered by the Purchaser and or the financier at the Purchaser's own cost and expense at the relevant Land Office/Registry and thereafter the SPA shall be rendered null and void and the parties shall have no further claim or claims against each other.

5. Basis of arriving at and justification for the Purchase Price

The Sale Consideration was arrived at on a "willing-buyer willing-seller" basis as negotiated between Mesiniaga and the Purchaser, after taking into consideration the net book value of the Property of RM8,463,000 (Ringgit Malaysia Eight Million Four Hundred Sixty Three Thousand) (as of 31 December 2016).

6. Assumption of liabilities

There are no liabilities to be assumed by the Purchaser arising from the Proposed Disposal.

7. Expected gain from the Proposed Disposal

Based on the cash consideration of RM15,900,000 (Ringgit Malaysia Fifteen Million Nine Hundred Thousand) inclusive GST, the expected gain from the Proposed Disposal is approximately RM6,000,000 (Ringgit Malaysia Six Million) based on the net book value of RM8,463,000 (Ringgit Malaysia Eight Million Four Hundred Sixty Three Thousand) (as per 31 December 2016).

8. Rationale and Benefit for the Proposed Disposal

The Property has been under utilised and an excess to the Group. The location of the Property is no longer strategic as it is far from the major customers in Penang. Operating expenses in the region of RM40,000 (Ringgit Malaysia Forty Thousand) per month for maintaining the Property could be saved. Proceeds from the Proposed Disposal could be used to repay loans and fund the Company's operations in the fourth quarter of the year and Year 2018. Hence, the Company is of the view that the Proposed Disposal is in the best interest of Mesiniaga and its group.

9. Effects of the Proposed Disposal

9.1 Share capital and substantial shareholders' shareholding

The Proposed Disposal does not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

9.2 Earnings per share and net assets per share

The Proposed Disposal does not have any material effect on the earnings per share and net assets per share.

The gain from the Proposed Disposal will render positive impact on the Company's net profit for 2017 financial year.

10. Percentage ratio

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements computed based on Mesiniaga's latest audited consolidated financial statements for the financial year ended 31 December 2016 is 12.8%.

11. Estimated time frame for completion

Barring unforeseen circumstances, the Proposed Disposal is expected to be completed within 90 days from the date of the SPA.

12. Interest of Directors, Major Shareholders and/or persons connected to them

None of the directors, major shareholders of Mesiniaga and/or persons connected to them has any interest, direct or indirect, in the Proposed Disposal.

13. Directors' statement

The Board of Directors of Mesiniaga, after having considered the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of Mesiniaga and its group.

14. Approvals required

The Proposed Disposal is not subject to the approval of the shareholders of the Company or any government authorities.

15. Details and breakdown of the utilisation of proceeds for working capital, including the timeframe for full utilization

Type of proposed utilization	Amount to be allocated	Time frame for full utilisation
GST	RM900,000	Upon due as per GST ruling
RPGT and other incidental expenses	RM500,000	Within 3 months

Short-term loan	RM10,000,000	Within 4 months
Future investment	RM4,500,000	Within 12 months

16. Documents for inspection

The SPA is available for inspection at the registered office of the Company at 11th Floor, Menara Mesiniaga, 1A, Jalan SS16/1, 47500 Subang Jaya during normal office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 27 July 2017

Announcement Info

Company Name	MESINIAGA BERHAD
Stock Name	MSNIAGA
Date Announced	27 Jul 2017
Category	General Announcement for PLC
Reference Number	GA1-27072017-00066

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