

OTHERS MUHIBBAH ENGINEERING (M) BHD ("MEB" or "Company") PROPOSED ACQUISITION BY MEB OF A TOTAL LAND AREA MEASURING 500 ACRES AT GEBENG, MUKIM SUNGAI KARANG, DISTRICT OF KUANTAN, STATE OF PAHANG DARUL MAKMUR ("THE LAND") FROM PERBADANAN SETIAUSAHA KERAJAAN PAHANG FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM26.45 MILLION, INCLUSIVE OF GOVERNMENT SERVICE TAX ("PROPOSED ACQUISITION")

MUHIBBAH ENGINEERING (M) BHD

Type	Announcement
Subject	OTHERS
Description	MUHIBBAH ENGINEERING (M) BHD ("MEB" or "Company") PROPOSED ACQUISITION BY MEB OF A TOTAL LAND AREA MEASURING 500 ACRES AT GEBENG, MUKIM SUNGAI KARANG, DISTRICT OF KUANTAN, STATE OF PAHANG DARUL MAKMUR ("THE LAND") FROM PERBADANAN SETIAUSAHA KERAJAAN PAHANG FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM26.45 MILLION, INCLUSIVE OF GOVERNMENT SERVICE TAX ("PROPOSED ACQUISITION")

1. INTRODUCTION

On behalf of the Board of Directors of MEB ("**Board**"), the Company wishes to announce that MEB had on 4 June 2016 entered into an agreement ("**Agreement**") with Perbadanan Setiausaha Kerajaan Pahang ("**PSK**" or "**the Vendor**") in respect of the acquisition of a total land area measuring 500 acres at Gebeng, Mukim Sungai Karang, District of Kuantan, State of Pahang Darul Makmur from PSK for a total cash consideration of approximately RM 26.45 million, inclusive of Government Service Tax ("**Cash Consideration**") based on the State of Pahang's assessment .

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information of the Land

Tenure : 99 years lease period

Location of the Land : The Land is strategically located about 20 kilometres north of Kuantan, the state capital of Pahang, is a waterfront parcel and is located along the main road of Jalan Tanjung Gelang Off Jalan Kuantan heading to Kuantan Port.

Proposed Use of the said Project Site : The Land is intended for the development into a maritime hub to be known as "Kuantan Maritime Hub" over a period of 10 years or any other extended period.

Chargee and Encumbrances : None

2.2 Payment of Cash Consideration

Deposit payment of RM2.84 million has been paid. The balance of the total land premium of RM 23.61 million shall be paid by cash progressively in accordance with the terms of the Agreement. Upon payment made by MEB, PSK will transfer the Land title(s) to MEB or its nominees.

The Proposed Acquisition will be funded fully from internally generated funds. There are no liabilities, including contingent liabilities and guarantees to be assumed from the Proposed Acquisition.

3. INFORMATION ON THE VENDOR

PSK, was incorporated as a Corporate Body through the State Secretary of Pahang (Incorporation) Enactment 1959, having its registered office at Bahagian Perancang Ekonomi Negeri, Tingkat 4, Wisma Sri Pahang, 25503 Kuantan, Pahang Darul Makmur.

4. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition provides an opportunity for MEB Group to develop industrial activities for ship building and ship repairs and major fabrication offshore structure. This will enlarge the Group's maritime and fabrication capacity to cater for future business growth in the defence, commercial and fabrication sectors. It is expected to enhance the future performance of MEB Group.

5. PROSPECTS OF THE LAND

The Land being a waterfront parcel will support the oil and gas related industries, the commercial ship building and ship repairs activities, the defence sector and the maritime industry to complement the commercial activities in the East Coast of West Malaysia.

6. RISK FACTORS

The Board does not foresee any material risks arising from the Proposed Acquisition. However, there may be risks, among others, including any adverse developments in the political, economic, regulatory and business environment in Malaysia and the State of Pahang.

7. EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will not have any material effect on MEB Group's share capital, substantial shareholdings structure, consolidated earnings per share or consolidated net assets per share for the year ending 31 December 2016.

8. APPROVALS REQUIRED

The Proposed Acquisition is not subject to or conditional upon the approvals of shareholders of MEB.

9. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

None of the directors and/or major shareholders of MEB and/or persons connected with them have any interest, either direct or indirect in the Proposed Acquisition.

10. DIRECTORS STATEMENT

The Board, having considered all aspects of the Proposed Acquisition, the rationale, prospects, effects, risk factors and terms of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of MEB Group.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") is approximately 3.24% based on the latest audited consolidated financial statements of MEB for the financial year ended 31 December 2015.

This announcement is dated 6 June 2016

Company Name	MUHIBBAH ENGINEERING (M) BHD
Stock Name	MUHIBAH
Date Announced	06 Jun 2016
Category	General Announcement for PLC
Reference Number	GA1-03062016-00068