

- (1) DISPOSAL BY MELATI MEWAH SDN BHD OF ITS (9) NINE PIECES OF LEASEHOLD LANDS HELD UNDER PT NOS. 3065, 3066, 3192, 3198 TO 3202 & 3321, TITLE NOS. HS(D) 138972, 138973, 139099, 139105 TO 139109 & 139228 RESPECTIVELY, ALL LOCATED WITHIN MUKIM OF BUKIT RAJA, DISTRICT OF PETALING, SELANGOR DARUL EHSAN FOR A CASH CONSIDERATION OF RM54,930,000/-; AND
- (2) DISPOSAL BY MWE HOLDINGS BERHAD OF ITS ENTIRE SHAREHOLDING OF 25,000,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING 100% EQUITY INTEREST IN MWE GOLF & COUNTRY CLUB BERHAD FOR A CASH CONSIDERATION OF RM1/-.

(HEREINAFTER COLLECTIVELY REFERRED TO AS “PROPOSED DISPOSALS”)

The Board of Directors of MWE Holdings Berhad (“MWE” or “the Company”) is pleased to announce the followings:

INTRODUCTION

The Company and its indirect wholly-owned subsidiary, Melati Mewah Sdn Bhd (“MM”) (“collectively referred as the Vendors”) have on 5 May 2016 entered into separate Sale and Purchase Agreements respectively with Newfields Land Sdn Bhd’s (“Newfields Land”) wholly-owned subsidiaries (“the Purchasers”) in relation to the disposals by:-

- (1) MM of its nine (9) pieces of leasehold lands, all located in the Mukim of Raja, District of Petaling, Selangor Darul Ehsan measuring approximately 481,925 sq. meters (“the Said Lands”) to Pristine Primavera Sdn Bhd, a wholly-owned subsidiary of Newfields Land for a cash consideration of RM54,930,000/- (“the Disposal Consideration 1”); and
- (2) the Company of its entire shareholding of 25,000,000 ordinary shares of RM1/- each representing 100% equity interest in MWE Golf & Country Club Berhad (“MWEGCC”) (“the Sale Shares”) to Saujana Setara Sdn Bhd, a wholly-owned subsidiary of Newfields Land for a cash consideration of RM1/- (“the Disposal Consideration 2”).

INFORMATION ON THE LANDS

The Said Lands are all (99) years leasehold lands with the same lease expiring all on 4 December 2090:

No.	Lot No.	Title No.	Category of use	Land Areas (sq. meters)
1.	PT 3065	HS(D) 138972	Not specified	731
2.	PT 3066	HS(D) 138973	Building	2,391
3.	PT 3192	HS(D) 139099	Building	444
4.	PT 3198	HS(D) 139105	Nil	57,018
5.	PT 3199	HS(D) 139106	Not specified	8,702
6.	PT 3200	HS(D) 139107	Not specified	1,734
7.	PT 3201	HS(D) 139108	Not specified	31,754
8.	PT 3202	HS(D) 139109	Not specified	458
9.	PT 3321	HS(D) 139228	Nil	378,693
TOTAL				481,925

The Said Lands are presently charged in favour of OCBC Bank (Malaysia) Berhad pursuant to banking facilities granted to MWE.

INFORMATION ON THE VENDORS

- (1) MM is a private limited company. It is a wholly-owned subsidiary of MWE Properties Sdn Bhd which in turn is a wholly-owned subsidiary of MWE. Its nature of business is property investment and development. As at the date of this announcement, MM has an authorised share capital of RM500,000/- comprising 500,000 ordinary shares of RM1/- each, out of which 250,000 ordinary have been issued and fully paid-up.
- (2) MWE is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company with the subsidiaries principal activities consist of:-
 - Manufacturing and sale of garments;
 - Developing and leasing out residential and commercial properties and property management services;
 - Design, manufacturing and distribution of telecommunication products;
 - Manage and operate oil palm plantation; and
 - Importing and distribution of trucks, management of a golf course and corporate services.

As at the date of this announcement, MWE has an authorised share capital of RM500,000,000/- comprising 500,000,000 ordinary shares of RM1/- each, out of which 231,559,015 ordinary shares have been issued and fully paid-up.

INFORMATION ON THE PURCHASERS

- (1) **Pristine Primavera Sdn Bhd (“Pristine Primavera” or “Purchaser 1”)**

Pristine Primavera is a private limited company. It is a wholly-owned subsidiary of Newfields Land. Its nature of business is investment holding. As at the date of this announcement, Pristine Primavera has an authorised share capital of RM400,000/- comprising 400,000 ordinary shares of RM1/- each, out of which 2 ordinary shares have been issued and fully paid-up.

- (2) **Saujana Setara Sdn Bhd (“Saujana Setara” or “Purchaser 2”)**

Saujana Setara is a private limited company. It is a wholly-owned subsidiary of Newfields Land. Its nature of business is investment holding. As at the date of this announcement, Saujana Setara has an authorised share capital of RM400,000/- comprising 400,000 ordinary shares of RM1/- each, out of which 2 ordinary shares have been issued and fully paid-up.

Newfields Land is the immediate holding company of both the Purchasers and is part of Newfields Group which is principally involved in property development, corporate advisory and direct private investments. As at the date of this announcement, Newfields Land has an authorised share capital of RM100,000,000/- comprising 100,000,000 ordinary shares of RM1/- each, out of which all 100,000,000 ordinary shares are issued and fully paid-up.

The above companies have no connections to any directors, major shareholders and or persons connected to the directors and or the major shareholders of MWE.

BASIS OF ARRIVING AT THE DISPOSAL CONSIDERATION

- (1) **The Said Lands**

The Said Lands are to be sold on a “as is where is” basis, free from encumbrances but subject to the conditions and restrictions in interest expressed or implied attached to the Said Lands at the agreed price of RM54,930,000/-. The Disposal Consideration 1 was arrived after taking into consideration of the net book value of the Said Lands based on the latest financial statements of MWE as at 31 March 2015 amounting to approximately RM14,220,808/-.

(2) **The Sale Shares**

The Sale Shares at the agreed price of RM1/- has been arrived at on a willing buyer willing seller basis after taking into consideration the net liabilities of MWECC at RM136,568/- and an undertaking that the Purchaser 2 undertakes to settle the inter-company loans in total of RM15,170,000/- owed to MM and MWE on completion date after fulfilling all the conditions precedent stated in the Share Sale and Purchase Agreement. MWECC has negative shareholders funds of RM136,568/- as at 31 March 2015 and has been incurring losses since 1993.

SALIENT TERMS AND CONDITIONS OF THE SALES AND PURCHASE AGREEMENTS

(1) **Land Sale and Purchase Agreement (“LSPA”) signed between MM and Pristine Primavera**

The Said Lands are sold:-

- a. free from any encumbrances and on “as is where is” basis;
- b. with legal possession;
- c. subject to all restrictions in interest and conditions of title, whether express or implied, affecting the Said Lands;
- d. subject to the existing category of land use affecting the Said Lands;
- e. subject to the terms and conditions contained in the Licence Agreement and Trust Deed. In this case, the Licence Agreement is referring to the Agreement entered into between MM and MWECC dated 3 September 1992 whereby MM agreed to lease the Said Lands to MWECC for operating an 18-hole golf course and a Clubhouse for a period of (97) years from 1 September 1992;
- f. on condition that MM obtaining the written consent of the State Authority approving the sale and transfer of the Said Lands in favour of Pristine Primavera within a period of (6) months from the date of the LSPA; and
- g. on condition that the Share Sale and Purchase Agreement signed between MWE and Saujana Setara becoming unconditional.

(2) **Share Sale and Purchase Agreement (“SSPA”) signed between MWE and Saujana Setara**

The Sale Shares are sold:-

- a. free from all liens, charges and encumbrances and with full legal and beneficial title with effect from Completion;
- b. The Purchaser undertakes to pay the inter-company loans owed to the Vendors in total to RM15,170,000/- upon completion date.
- c. On condition that the Land Sale and Purchase Agreement signed between MM and Pristine Primavera becoming unconditional.

Both the LSPA and SSPA are inter-conditional.

ESTIMATED TIME OF COMPLETION

The Proposed Disposals are expected to be completed in the third quarter of financial year ending 31 March 2017.

RATIONALE FOR THE DISPOSALS

The Proposed Disposals are in line with MWE Group’s strategy to dispose of non-core businesses and loss making companies.

RISK FACTORS

Save for the general risks such as non-completion of the Sale and Purchase Agreements, the Board is not aware of any anticipated risk arising from the Proposed Disposals.

FINANCIAL INFORMATION

(1) **Original Cost and Date of Investment of the Said Lands**

Date of Investment	Description	Amount (RM)
]	PT 3065, HS(D) 138972]
]	PT 3066, HS(D) 138973]
]	PT 3192, HS(D) 139099]
]	PT 3198, HS(D) 139105]
]	PT 3199, HS(D) 139106]
]	PT 3200, HS(D) 139107]
]	PT 3201, HS(D) 139108]
]	PT 3202, HS(D) 139109]
]	PT 3321, HS(D) 139228]

Net Book Value (“NBV”) of the Said Lands based on the latest audited financial statements as at 31 March 2015 of MWE Group:

Description	Amount (RM)
PT 3065, HS(D) 138972]
PT 3066, HS(D) 138973]
PT 3192, HS(D) 139099]
PT 3198, HS(D) 139105]
PT 3199, HS(D) 139106]
PT 3200, HS(D) 139107]
PT 3201, HS(D) 139108]
PT 3202, HS(D) 139109]
PT 3321, HS(D) 139228]

The proposed disposal of the Said Lands is expected to generate an estimated gain of approximately RM27.3 million (after deducting the incidental expenses of RM200,000/-) for MWE Group.

(2) **Original Cost and Date of Investment of the Sale Shares**

Date of Investment	Original Cost (RM)	No. of Shares
01.09.1992	2	2
17.09.1992	999,998	999,998
20.02.1993	4,000,000	4,000,000
31.12.2001	15,000,000	15,000,000
11.09.2008	5,000,000	5,000,000
TOTAL	25,000,000	25,000,000

The proposed disposal of the Sale Shares is expected to generate an estimated gain of approximately RM0.2 million for MWE Group.

EFFECTS OF THE PROPOSED DISPOSALS

Based on the audited consolidated financial statements of MWE as at 31 March 2015, the proforma effects of the Proposed Disposals are as follows:

(1) **Share capital and substantial shareholders' shareholding**

The Proposed Disposals shall be satisfied entirely in cash and will not have any effect on the share capital and substantial shareholders' shareholding of the Company.

(2) **Earnings and Net Asset per share**

The Proposed Disposals are expected to generate an estimated gain of approximately RM27.5 million for the MWE Group or approximately RM0.12 per MWE share for the financial year ending 31 March 2017.

The Net Assets Per Share of MWE Group will increase accordingly from RM2.72 to RM2.84.

(3) **Gearing Ratio**

After the Proposed Disposals, the MWE Group's gearing ratio will reduce from 24% to 17%.

UTILISATION OF THE PROCEEDS

The cash proceeds arising from the disposal of the Said Lands will be utilised to pare down the group's bank borrowings and for working capital requirements.

APPROVALS REQUIRED

The Proposed Disposals are not subject to the approval of the shareholders of MWE.

PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposals pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 8.76%.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the directors and/or substantial shareholders of MWE and persons connected to them have any interest, direct or indirect in the Proposed Disposals.

DIRECTORS' STATEMENT

The Board of Directors, having considered all aspects of the Proposed Disposals, are of the opinion that the Proposed Disposals is fair, reasonable and on normal commercial terms that are not detrimental to the interest of the minority shareholders and are in the best interest of the Company.

DOCUMENTS FOR INSPECTION

The Land Sale and Purchase Agreement and Share Sale and Purchase Agreement, both dated 5 May 2016 are available for inspection by the shareholders of MWE at the registered office of MWE during normal office hours on any working day for a period of three (3) months from the date of this announcement.