

General Announcement

Initiated by MECHMAR CORPORATION on 09/09/2009 06:11:34 PM
 Submitted by MECHMAR CORPORATION on 09/09/2009 06:16:38 PM
 Reference No MC-090909-7FDB3
 Form Version V3.0

Submitted
Company Information
Main Market Company
New Announcement
Submitting Investment Bank/Advisor (if applicable)
Submitting Secretarial Firm (if applicable)

* Company name	MECHMAR CORPORATION (MALAYSIA) BERHAD
* Stock name	MECHMAR
* Stock code	3808
* Contact person	Julia Leong
* Designation	Group Company Secretary
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Type * Announcement

Subject *: MECHMAR CORPORATION (MALAYSIA) BERHAD (13380-M) ("Mechmar or the Company")
 PROPOSED DISPOSAL OF INVESTMENT IN BELLS MARKETING SDN BHD

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents *:-
(This field is to be used for the summary of the announcement)

The Board wishes to announce that the Company had on 9 September 2009 entered into a share sale agreement ("SSA") with Unimech Capital Sdn Bhd ("the Purchaser") to dispose off its entire investment of 100% shareholdings in Bells Marketing Sdn Bhd ("BMSB") comprising of 2,400,000 ordinary shares of RM1.00 each for a total cash consideration of RM2,700,000 ("the Proposed Disposal").

Announcement Details :-
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1. INTRODUCTION:

BMSB is a private limited company incorporated in Malaysia on 20 December 1980 and having its registered office at No.1, Jalan Perunding U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan. BMSB is principally engaged in trading of insulation materials, valves and engineering components. BMSB has an authorised and paid-up share capital of RM2,400,000 divided into 2,400,000 ordinary shares of RM1.00 each. The 2,400,000 ordinary shares were subscribed by Mechmar in BMSB at RM1.00 each in year 1985. The audited net book value of the shares is RM2,993,318 as at 31st December 2008.

The Purchaser is a wholly-owned subsidiary of Unimech Group Berhad, incorporated in Malaysia and having its registered address at 57-1, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang. The Purchaser is an investment holding company and has an authorised and paid-up share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 The total sale consideration for the Proposed Disposal of RM2,700,000 was arrived at on a willing buyer-willing seller basis.

2.2 Payment terms of the sale consideration are as follows:

- 1) Deposit payment of 10% (RM270,000) of the sale consideration shall be paid upon signing of SSA.
- 2) The balance 90% (RM2,430,000) of the sale consideration shall be paid on completion date.

2.3 The net proceeds of RM2,700,000 arising from the Proposed Disposal will be fully utilized for repayment to Omega Matrix (M) Sdn Bhd or MIDF Amanah Investment Bank Berhad, HSBC Bank Malaysia Berhad, Alliance Bank Malaysia Berhad, United Overseas Bank Malaysia Berhad, RHB Bank Berhad and CIMB Bank Berhad (collectively known as "Chargee").

2.4 The proposed disposal includes two units of apartments located at Ulu Langat and Port Dickson respectively. Information on BMSB's real properties included in this disposal are:

Details	One unit of apartment at Ulu Langat	One unit of apartment at Port Dickson
Identification	HS(D) 56010, PT No. 27286, Mukim Cheras, Daerah Ulu Langat, Negeri Selangor	HS(D) 6628, PT No. 853, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan
Description	Apartment measuring 68.65 meter square	Apartment measuring 71.35 meter square
Existing Use	Vacant	Vacant
Age of Building	8 years	20 years
Tenure	Leasehold	Leasehold

Valuation Report	Not available	Not available
Net book value as at 31/12/2008	RM33,575.00	RM11,878.00
Encumbrances	Nil	Nil

3. CONDITIONS PRECEDENT OF THE PROPOSED DISPOSAL

The Proposed Disposal is conditional upon the written consent and undertaking from the Chargee to discharge the debenture against the assets of BMSB.

4. EFFECTS OF THE PROPOSED DISPOSAL

4.1 Issued and paid-up share capital and shareholding structure of the substantial shareholders.

The Proposed Disposal would not have any material effect on the issued and paid-up share capital nor the shareholding structure of the substantial shareholders of the Company, as it does not involve any allotment or issuance of new ordinary shares in the Company.

4.2 Earnings

The Proposed Disposal is expected to give rise to a loss of RM398,886 and will have no impact on the earnings per share.

4.3 Net Assets

The Proposed Disposal will reduce the Net Assets by RM398,886 attributable to equity holders of parent company.

5. RATIONALE FOR THE PROPOSED DISPOSAL

This disposal is part of the Company's plan to repay bank borrowings.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

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

7. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Disposal, are of the opinion that the Proposed Disposal is in the best interest of the Company.

8. OTHER MATTERS

8.1 Estimated timeframe for completion

The Proposed Disposal is expected to be completed within two (2) months from the date of the SSA or such extended date as may be mutually agreed between Mechmar and the Purchaser.

8.2 Any departure from Securities Commission's Policies and Guidelines on Issue/Offer of Securities

The Proposed Disposal would not depart from the Securities Commission's Policies and Guidelines on Issue/ Offer of Securities.

8.3 Documents available for inspection

A copy of the SSA is available for inspection by the shareholders of the Company at the registered office at No. 1, Jalan Perunding U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, during normal business hours on Mondays to Fridays (excluding public holidays) for a period of 1 month from the date of this announcement.

This announcement is dated 9 September 2009.

General Announcement

Initiated by MECHMAR CORPORATION on 10/09/2009 05:28:18 PM
Submitted by MECHMAR CORPORATION on 10/09/2009 06:08:08 PM
Reference No MC-090910-62898
Form Version V3.0

Submitted

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Main Market Company	
New Announcement	
Submitting Investment Bank/Advisor (if applicable)	
Submitting Secretarial Firm (if applicable)	
* Company name	MECHMAR CORPORATION (MALAYSIA) BERHAD
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PROPOSED DISPOSAL OF INVESTMENT IN BELLS MARKETING SDN BHD
(Bells)

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Further to our announcement dated 9 Sept 09 in respect of the Proposed Disposal of Bells, we wish to inform that:

1. Approvals required for the Proposed Disposal

The sale is not subject to any relevant authorities approval. However, it is conditional to obtain approval from the relevant authorities or parties if required.

2. Percentage Ratio

The highest percentage ratio pursuant to paragraph 10.02(g) of the Listing Requirements of Bursa Malaysia Securities Berhad applicable to this Proposed Disposal is 16.71% and therefore the sale is not subject to the Company's shareholders approval.

This announcement is dated 10 September 2009.

Announcement Details :-

(This field is for the details of the announcement, if applicable)

Attachment(s):- (please attach the attachments here)

- No Attachment Found -

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement: