

Meda Inc to sell The Summit Hotel Bukit Mertajam for RM20 mil

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KUALA LUMPUR (April 20): Meda Inc Bhd is disposing of its hotel The Summit Hotel [Bukit Mertajam](#) in [Penang](#) for RM20 million to partially fund its working capital requirements.

Meda disclosed the purchase price represents a premium of 45.14% over the market value of the property of RM13 million as ascribed by LaurelCap Sdn Bhd on Dec 30, 2016.

The proposed disposal will result in the group realising a gain of RM6.05 million, it added.

In a filing with Bursa Malaysia today, Meda said its wholly-owned subsidiary ZKP Development Sdn Bhd has signed a conditional sale and purchase agreement with Teraju Menang Sdn Bhd for the proposed disposal. Teraju Menang is a wholly-owned subsidiary of Aturan Prisma Sdn Bhd, which is in turn 70%-owned by Datuk Abdul Rahman Harun and 30%-owned by Mazlan Md Zain.

The group plans to use net proceeds from the proposed disposal, which are estimated to be RM18.27 million, for working capital including payment to creditors, administrative expenses and other operating expenses such as advertising and promotional activities.

"The actual utilisation has not been determined at this juncture and may differ at the time of utilisation," Meda added.

Meda Inc said the move is to dispose of low-revenue generating asset and to monetise its investment in ZKP and to reinvest the capital into the group's core business activity, which is property development.

"The ageing property of approximately 15 years with its current physical condition warrants refurbishment works to be carried on the property to ensure that the property remain competitive," it said.

"Such asset enhancement initiatives require significant financial resources and may not yield reasonable return given the limited upside for the future growth of the property," it added.

The group expects to complete the proposed disposal by early third quarter of this year.

Meda shares closed up two sen or 4.49% to 46.5 sen today, with 719,500 shares done, giving it a market capitalisation of RM217.35 million. — theedgemarkets.com

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