

## **MULPHA'S SUBSIDIARY BUYS COAL MINES IN PEOPLE REPUBLIC OF CHINA**

Greenfield Chemical Holdings Limited, a 62.5% subsidiary of Mulpha International Bhd. today announced that they have entered into a conditional agreement to acquire two coal mines in Inner Mongolia, the People's Republic of China (PRC) at a consideration of up to HK\$1.0 billion (approximately RM446 million).

The two coal mines are owned by Hulunbeier Dong Ming Mining Co. Ltd, a foreign enterprise incorporated in the PRC. The mines cover a total area of approximately 8.26 sq. km. and have a combined output capacity of 1.2 million tonnes per annum. The mines have not commenced production but expect to do so in 2008.

The coal reserve of 107 million tonnes has been assessed for the 'Southern' mine for which the consideration of HK\$600 million (approximately RM267.55 million) will be paid. The 'Northern' mine has not been fully assessed but a variable rate of HK\$4.00 per tonne for its coal reserve, up to a maximum consideration of HK\$400 million (approximately RM178.36 million) will be payable, even if its coal reserve is assessed to exceed 100 million tonnes.

Assuming the 'Northern' mine supports a HK\$400 million value, the HK\$1.0 billion will be settled by (1) HK\$250 million cash from internal funds of Greenfield, (2) HK\$300 million by way of 120 million new shares of Greenfield issued at HK\$2.50 per share and (3) HK\$450 million Zero Coupon Convertible Notes at conversation price of HK\$2.50 per share. The Convertible Notes are redeemable at the option of Greenfield and carries conversion restrictions to ensure that the vendor will not control or be interested in more than 29.9% of the share capital of Greenfield (i.e. below the 30% Mandatory General Offer stipulation set by the Takeover Code of Hong Kong). On the completion of the acquisition and before any conversion of the Convertible Notes, Mulpha's shareholding in Greenfield will be reduced from 62.5% to 44.64%. Greenfield's purchase of the coal mines come with two years' after tax profit warranty of HK\$80 million and HK\$120 million for the years 2008 and 2009 respectively.

"While Greenfield will become an Associated Company on completion of the acquisition, Mulpha looks forward to an overall higher contribution from Greenfield once the coal mines commence production. Coal, as the basic material for electrical power generation is in great demand and that should translate to good long term earnings prospect for Greenfield" said Mr. Lee Seng Huang, Executive Chairman of Mulpha International Berhad.

Mulpha International Bhd. is a diversified conglomerate and a component stock of the Bursa Malaysia Composite Index. Listed on the Main Board of Bursa Malaysia Securities Berhad since 1983, it has shareholders' funds in excess of RM2.1 billion. The Group's focus is on real estate and property-related services and financial services, with operations and investments in Malaysia, Vietnam, Singapore, People's Republic of China, Hong Kong and Australia. Over the years, Mulpha has leveraged on its expertise abroad to become Malaysia's largest real estate investor and developer in Australia, owning world-class assets that include Sanctuary Cove and Hyatt Regency Sanctuary Cove in Queensland, InterContinental Sydney, Hilton Melbourne Airport, Norwest Business Park Sydney, Bimbadgen Estate in New South Wales' Hunter Valley and the world-renowned and award-winning Hayman Great Barrier Reef.

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