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KUALA LUMPUR (Feb 21): Serba Dinamik Holdings Bhd has proposed to acquire a 40% stake in a Konsortium Amanie JV Sdn Bhd, the builder of a water treatment plant in Terengganu, for a total cash consideration of RM34 million.

The group's wholly owned subsidiary, Serba Dinamik Sdn Bhd (SDSB), signed a sales and purchase agreement (SPA) with FCA Capital Sdn Bhd and Mirmas Holding Sdn Bhd yesterday, Serba Dinamik said in a stock exchange filing today.

Konsortium Amanie had on April 28, 2016 secured a RM1.31 billion contract to design and build a water treatment plant from the Terengganu state government under the Kuala Terengganu Utara Water Supply Scheme.

On Feb 13, Konsortium Amanie had novated its engineering, procurement, construction and commissioning (EPCC) contract for the project to SDSB.

The plant has a 120 million litres per day (MLD) and 28 MLD capacity.

"The proposed acquisition is part of Serba Dinamik's strategy to expand the group's EPCC capabilities (as it) enables SDSB to participate in the EPCC works, which is valued at approximately RM289.72 million," Serba Dinamik said.

FCA Capital, which is wholly owned by Fask Capital Sdn Bhd, currently holds a 35% stake in the consortium while Mirmas owns a 25% stake. The remaining shareholders are Tim Sekata Sdn Bhd and Brem Maju Sdn Bhd, which have a 25% and 15% stake respectively.

The directors of Konsortium Amanie are Datuk Awalan bin Abdul Aziz, who also holds a 35% stake in Mirmas, and Datuk Nik Mod Amin bin Nik Abd Majid.

Konsortium Amanie recorded an unaudited net loss of approximately RM800,615 for the financial year ended Dec 31, 2016 (FY16) and unaudited net assets of approximately RM199,385.

"The (water treatment plant) project is in line with the increasing water demand in Terengganu (and we) envisage that the future prospects of Konsortium Amanie will be positive," Serba Dinamik said.

The acquisition would enhance the group's financial position and profitability going forward, the engineering services provider added. It is not subject to the approval of shareholders or any regulatory authorities.

"The purchase consideration will be funded via bank borrowings and/or internally generated funds. The breakdown of the source of funding will only be determined at a later stage," it said.

The purchase price was arrived at on a "willing buyer-willing seller" basis after considering the future earnings potential of the consortium, according to Serba Dinamik.

At 12.30pm, shares of Serba Dinamik were traded up 1 sen at RM1.73 per share. The group has seen 4.04 million shares traded so far for a market capitalisation of RM2.31 billion.

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