

**IPMUDA BERHAD ("IPMUDA" OR "THE COMPANY"):
 PROPOSED DISPOSAL OF LEASEHOLD PROPERTY IN PENANG BY ROSET-BLG SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF BETTER LIVING GRAND SDN BHD WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, TO GOLDEN CHEMICAL SDN BHD**

1. INTRODUCTION

The Board of Directors of Ipmuda Berhad wishes to announce that Roset-BLG Sdn Bhd ("Roset-BLG" or "the Vendor"), a wholly-owned subsidiary of Better Living Grand Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, had on 29 June 2018 entered into a Sale and Purchase Agreement with Golden Chemical Sdn Bhd (Co. No.: 108224-U) ("the Purchaser") of 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang ("the SPA") to dispose of the following pieces of land held under the titles, measuring in area approximately 20,097 sq. metres together with a single storey detached factory annexed to a double storey office building thereon which are more particularly described and stated below ("the Property") for a total consideration of Ringgit Malaysia Eight Million Four Hundred Thousand (RM8,400,000.00) only ("the Total Consideration Sum") ("the Proposed Disposal"):

	Particulars of the individual title of the land	Measuring area (sq. metres)	Details of the Property	Consideration Sum (RM)
1.	PN 3277, Lot 5023, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang ("Lot 5023 Property")	8,088.00	A piece of vacant industrial land known as Lot 3213, Lorong Jelawat 1, Seberang Jaya Industrial Estate, 13700 Seberang Jaya, Pulau Pinang	2,180,000.00
2.	PN 3278, Lot 5024, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang ("Lot 5024 Property")	12,009.00	A piece of industrial land together with a single storey detached factory annexed to a double storey office building erected thereon known as Lot 3214, Lorong Jelawat 1, Seberang Jaya Industrial Estate, 13700 Seberang Jaya, Pulau Pinang	6,220,000.00
	Total Consideration Sum:	20,097.00		8,400,000.00

2. Information on the Vendor

The Vendor was incorporated in Malaysia under the Companies Act, 1965 on 13 April 1995. Its issued share capital is RM5,000,000.00 comprising 5,000,000 ordinary shares. The Vendor is principally engaged in the business of letting of properties, manufacturing and trading of furniture.

3. Information on the Purchaser

The Purchaser was incorporated in Malaysia under the Companies Act, 1965 on 18 October 1983 with business address at 2701, Lorong Jelawat 1, Seberang Jaya Industrial Park, 13700 Seberang Jaya, Pulau Pinang.

Its issued share capital is 1,000,000 ordinary shares. The nature of business of the Purchaser is trading in food ingredients.

4. Information on the Property

i) Lot 5023 Property

- a. The Vendor is the registered and beneficial owner of Lot 5023 Property.
- b. Details of Lot 5023 Property is as follows:

i.	Title No	:	PN 3277, Lot 5023, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang
ii.	Tenure	:	60 years leasehold expiring on 03 December 2050
iii.	Area	:	8,088.00 sq. metres
iv.	Category of land use	:	Industrial
v.	Property Type for Lot 5023 Property	:	A piece of vacant industrial land known as Lot 3213, Lorong Jelawat 1, Seberang Jaya Industrial Estate, 13700 Seberang Jaya, Pulau Pinang
vi.	Approximate Building age	:	Not applicable
vii.	Consideration Sum	:	Ringgit Malaysia Two Million One Hundred and Eighty Thousand (RM2,180,000-00) only;
viii.	Restrictive Condition	:	Nil
ix.	Existing Charge	:	Nil
x.	Existing Chargee	:	Nil
xi.	Current usage of Lot 5023 Property	:	Currently rented out to Sentiasa Hebat (Penang) Sdn. Bhd. (Co. No. 1039647-P) pursuant to a Tenancy Agreement dated 01 July 2015 made between the Vendor and the Tenant which said Tenancy will expire on 30 June 2018
xii.	Year of acquisition	:	2004
xiii.	Cost of Lot 5023 Property	:	RM1,295,000.00

xiv.	Net Book Value as at 31.12.2016 based on the latest audited financial statements for the year ended 31.12.2016	:	RM2,180,000.00
xv.	Valuation Report	:	Valuation conducted by Messrs Raine & Horne International Zaki + Partners Sdn Bhd on 28 November 2014 was at RM1,920,000.00 and subsequently updated (via desktop valuation) on 30 November 2017 to RM2,180,00.00 using the sales comparison method of valuation. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.
xvi.	Estimated Net Loss to Ipmuda Group on Lot 5023 Property	:	RM136,600.00
xvii.	Estimated Net Loss to the Vendor on Disposal of Lot 5023 Property	:	RM136,600.00

ii) Lot 5024 Property

i.	Title No	:	PN 3278, Lot 5024, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang
ii.	Tenure	:	60 years leasehold expiring on 03 December 2050
iii.	Area	:	12,009.00 sq. metres
iv.	Category of land use	:	Industrial
v.	Property type for Lot 5024 Property	:	A piece of industrial land together with a single storey detached factory annexed to a double storey office building, a single storey guard house and TNB sub-station erected thereon known as Lot 3214, Lorong Jelawat 1, Seberang Jaya Industrial Estate, 13700 Seberang Jaya, Pulau Pinang
vi.	Approximate Building age	:	21 years
vii.	Consideration Sum	:	Ringgit Malaysia Six Million Two Hundred and Twenty Thousand (RM6,220,000-00) only
viii.	Restrictive Condition	:	Nil

ix.	Existing Charge	:	Nil
x.	Existing Chargee	:	Nil
xi.	Existing Endorsement	:	A portion of Lot 5024 Property was leased to Tenaga Nasional Berhad for a period of 30 years commencing from 04 December 1997 until 03 December 2027 vide presentation no: 0799SC1998016458 Jilid 15 Folio 171 dd 07 October 1998
xii.	Current usage of Lot 5024 Property	:	Lot 5024 Property is currently occupied by Ipmuda Utara Sdn Bhd, the Vendor's related company, for their Butterworth office and warehouse
xiii.	Year of acquisition	:	2004
xiv.	Cost of Lot 5024 Property	:	RM3,970,759.00
xv.	Net Book Value as at 31.12.2016 based on the latest audited financial statements for the year ended 31.12.2016	:	RM6,350,000.00
xvi.	Valuation Report	:	Valuation conducted by Messrs Raine & Horne International Zaki + Partners Sdn Bhd on 28 November 2014 was at RM5,960,000.00 and subsequently updated (via desktop valuation) on 30 November 2017 to RM6,350,000.00 using the sales comparison method of valuation. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.
xvi.	Estimated Net Gain to Ipmuda Group on Lot 5024 Property	:	RM3,556,359.00
xvii.	Estimated Net Loss to the Vendor on Disposal of Lot 5024 Property	:	RM497,900.00

4.1. Estimated net gain/net loss on the Proposed Disposal

The total estimated net gain to Ipmuda Group on the Proposed Disposal is approximately RM3,419,759.00 while the Vendor is expected to recognise a net loss of RM634,500.00.

4.2. Basis of the Total Consideration Sum

The Total Consideration Sum was arrived based on negotiations between the parties on a willing buyer willing seller basis after taking into consideration the original cost of the Properties and the overall property market condition. The management is of the view that the Total Consideration Sum is fair and reasonable.

4.3 Salient terms of the SPA

4.3.1 Condition Precedent

The SPA is subject to receipt by Purchaser's solicitor of the following documents within three (3) months from the date of the SPA:

Penang Development Corporation Consent

- i) As soon as practicable after the date of the SPA, the Vendor at their own cost shall apply from the Penang Development Corporation for its Consent referred to and pursuant to the Penang Industrial Land Rules 2005 ("the PDC Consent").
- ii) The Purchaser and/or the Purchaser's Solicitors shall use their best endeavors to assist the Vendor and/or the Vendor's Solicitors in applying and obtaining the PDC Consent from the Penang Development Corporation and it is hereby agreed that the Purchaser and/or the Purchaser's Solicitors shall furnish to the Vendor and/or the Vendor's Solicitors all its particulars and execute all relevant documents necessary for such application and rendered such co-operations as may be reasonably expected of in connection with such application.

Consent To Transfer

- i) Upon obtaining the PDC Consent from the Penang Development Corporation, the Vendor shall at his own costs and expenses forthwith do all such acts and execute all such documents necessary to apply and procure the consent to transfer from the Pihak Berkuasa Negeri. The Purchaser shall, whenever required to do so, and not later than seven (7) days upon the Vendor's request, as the case may be, sign and execute all forms, documents and papers necessary for the said application.
- ii) Upon receipt of the Consent to Transfer by the Vendor's Solicitors and upon the receipt of a copy of the same by the Purchaser's Solicitors, the SPA shall become unconditional (hereinafter referred to as "the Unconditional Date").

4.3.2. Payment of the Total Consideration Sum

- i) The Total Consideration Sum shall be paid by the Purchaser in the following manner:
 - (a) a sum of RM252,000.00 only amounting to 3% of the Total Consideration Sum ("the Earnest Deposit") shall be paid to the Vendor's Solicitors as stakeholder prior the execution of the SPA.
 - (b) a sum of RM1,008,000.00 only amounting to 12% of the Total Consideration Sum ("the Balance Deposit") (which sum with the Earnest Deposit collectively "the Deposit") shall be paid to the Vendor's Solicitors as stakeholders upon the execution of this SPA but subject to Clause 8.2 of the SPA that the Purchaser's Solicitors (as agent for the Purchaser) shall deduct and retain an amount equivalent to 3% of the Total Consideration Sum ("RPGT Retention Sum") out of the balance deposit and forward the same to Lembaga Hasil Dalam Negeri, Malaysia.

- (c) a sum of RM7,140,000.00 only amounting to 85% of the Total Consideration Sum (“the Balance Sum”) shall be paid to the Vendor’s Solicitors as stakeholder within three (3) months from the Unconditional Date (“the Completion Period”).
- ii) In the event that the Purchaser shall request for an extension of time to pay the Balance Sum, the Vendor shall grant to the Purchaser an automatic extension of 1 month from the expiry of the Completion Period (“the Extended Completion Period”) to pay the Balance Sum provided always that the Purchaser shall pay to the Vendor interest on such part of the Balance Sum as remains unpaid at the rate of 6% per annum calculated from the day next after the expiry of the Completion Period to the date of payment of such part of the Balance Sum as remains unpaid, based on a 365 day year on the actual number of days elapsed, such interest shall be payable together with such part of the Balance Sum as remains unpaid.

4.3.3 Nomination

The Purchaser is entitled to nominate a nominee or nominees (which is related to the Purchaser or the Board of Directors of the Purchasers) to whom the Memorandum of Transfer of the Property shall be effected and to assign the benefit of this SPA to its nominee(s) or assignee(s) provided the Purchaser shall indemnify the Vendor against any loss or damage that the Vendor may suffer in the event of such nomination or assignment and the nominee(s) or assignee(s) agree(s) to be bound by the terms and conditions herein. The Completion Date and the Extended Completion date shall remain the same notwithstanding the nomination of the Transfer. The Purchaser shall cause the Nominee or nominees to withdraw the caveat lodged by the Nominees or Nominee’s financier in the event the SPA is terminated for any reason whatsoever.

4.4 On Liabilities assumed by the Purchaser

There are no liabilities to be assumed by the Purchaser pursuant to the Proposed Disposal.

4.5. Utilisation of Proceeds

The Total Consideration Sum is expected to be utilised by the Ipmuda Group in the following manner:

Particulars of utilisation	Amount to be utilised (RM)	Timeframe for full utilisation of proceeds
Repayment of bank borrowings	3,540,000	Within 6 months
Estimated real property gains tax	138,500	Within 6 months
Estimated incidental expenses related to the Disposal	366,000	Within 6 months
Working capital for the Ipmuda Group (payment to suppliers for purchase of building materials)	4,355,500	Within 6 months
Total:	8,400,000	

5. Rationale

The Proposed Disposal is in the best interest of the Company as it represents an opportunity for the Ip Muda Group to unlock the value of the Property, strengthen its financial position and for working capital requirements.

6. Effect of the Proposed Disposal

a. Share Capital and Substantial Shareholders' Shareholdings

There is no effect on the share capital and the substantial shareholders' shareholdings of the Company as the Proposed Disposal does not involve any issuance of new ordinary shares or other securities convertible into ordinary shares in the Company.

b. Net Assets ("NA") and Earnings

The Proposed Disposal is expected to contribute positively to the NA and earnings of the Ip Muda Group upon its completion.

c. Gearing

The Proposed Disposal is not expected to have any material effect on the gearing ratio of Ip Muda Group.

7. Risk Factors

The Board of Directors of Ip Muda is not aware of any material risk arising from the Proposed Disposal, save for the Proposed Disposal is subject to the approvals of the PDC Consent from Penang Development Corporation and the consent of the State Authority and the normal and market risks associated with a transaction of similar nature as the Proposed Disposal.

8. Highest Percentage Ratio Applicable

The highest percentage ratio applicable to the Proposed Disposal under Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 5.24%.

9. Approvals Required

Save for the PDC Consent from the Penang Development Corporation and the consent of the State Authority as stipulated in Section 4.3.1 above, the Proposed Disposal is not subject to the approval of the shareholders of the Company.

10. Interest of Directors, Major Shareholders and/or Persons Connected

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

11. Directors' Statement

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

12. Estimated Timeframe for Completion

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed within 90 days from the date of the SPA.

13. Documents Available For Inspection

Copies of the SPA, the valuation report for the Property and the updated desktop valuations are available for inspection at the registered office of the Company at 9th Floor, Maju Tower, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours (8.30 am to 6.00 pm) on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 02 July 2018