

## **IPMUDA BERHAD (“IPMUDA” OR “THE COMPANY”)**

### **DISPOSAL OF A PIECE OF FREEHOLD PROPERTY 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 MAY CHEMICAL SDN BHD**

#### **1. INTRODUCTION**

The Board of Directors of Ipmuda Berhad ("Ipmuda" or "the Company") 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 30 April 2018, entered into a Sale and Purchase Agreement ("the SPA") with May Chemical Sdn Bhd (Co. No.: 184898-D) ("the Purchaser"), to dispose of one (1) unit factory known as Lot 155, bearing the postal address of Lot 155, Lingkaran Taman Industri Integrasi Rawang 3, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan (“the Factory”) erected on a piece of freehold land held under Geran 212321, Lot 21238, Mukim Rawang, District of Gombak, State of Selangor measuring approximately 10064 square meters (“the Property”) for a total consideration of Ringgit Malaysia Twelve Million (RM12,000,000.00) only ("the Consideration Sum" or “the Purchase Consideration”) (“the Disposal”).

#### **2. INFORMATION ON DISPOSAL**

##### **2.1 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.

##### **2.2 Information on the Purchaser**

The Purchaser was incorporated in Malaysia under the Companies Act, 1965 on 29 July 1989. The Purchaser’s business address is at Lot 153, Jalan Industri 3/5A, Taman Industri Integrasi Rawang, 48000 Rawang, Selangor Darul Ehsan. Its issued share capital is RM18,000,000.00 consisting of 18,000,000 ordinary shares. The nature of business of the Purchaser is dealers in all types of commercial chemicals.

##### **2.3. Information of the Property**

- i) The Vendor is the beneficial and registered owner of the Property.
- ii) The Property was acquired by the Vendor in year 2004 at the price of RM6,100,000.00 and the net book value as at 31 December 2016 (based on latest Audited Financial Statements for year ended 31 December 2016) was RM5,242,000.00. The estimated net gain to the Vendor and the Ipmuda Group on the Disposal is approximately RM6,088,000.00 and RM7,548,000 respectively.
- iii) The Factory was primarily used by the Vendor for the manufacturing of kitchen cabinetry systems under the brand ROSET. The Factory was not in use since January 2016 when the Vendor ceased its manufacturing activities.

- iv) The Property is presently charged to Bank Islam Malaysia Berhad (“the Existing Chargee”) via Presentation No. 105995/2012 as security for a Business Cash Line-*i* Facility of up to RM10.0 million granted by the Existing Chargee to Ipmuda.

#### **2.4. Basis of Consideration Sum**

The 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 Property and the overall property market condition. The management is of the view that the Consideration Sum is fair and reasonable.

#### **2.5. Salient Terms of the SPA**

i. Consideration and Purchase Price

The Purchase Price of RM12,000,000.00 only shall be paid by the Purchaser in the following manner and priority:-

- (a) The Purchaser had prior to the execution of the SPA paid to the Vendor’s Solicitors, Messrs Fong Yap & Gan, as a Stakeholder a sum of RM360,000.00 only (“the Earnest Deposit”).
- (b) Simultaneously with the execution of the SPA, the Purchaser shall pay the Vendor’s Solicitors as a Stakeholder a further sum of RM1,280,000-00 only (“the Balance Deposit”); and
- (c) Upon execution of the SPA, the Purchaser shall deposit with the Purchaser’s Solicitors, Messrs Yeow & Salleh, the sum of RM360,000-00 only which is equivalent to 3% of the total Purchase Price (“the Retention Sum”) to be forwarded to the Director General of Inland Revenue for the purpose of payment of the real property gains tax as provided in Clause 27 of the SPA (“the Tax”) and the original receipt shall be forwarded to the Vendor’s Solicitors.

(and the Earnest Deposit, the Balance Deposit and the Retention Sum shall hereinafter be collectively referred to as “Deposit”); and

- (d) The balance sum of RM10,000,000.00 only (“the Balance Purchase Price”) shall be paid to the Vendor’s Solicitors as stakeholders on or before the Completion Date (as defined in the SPA) or the Extended Completion Date (as defined in the SPA), as the case may be.

The Vendor’s Solicitors shall utilise the Earnest Deposit and Balance Deposit totalling RM1,640,000.00 in the following manner and priority:-

- (a) A sum of RM 200,000-00 only shall be held by the Vendor’s Solicitors as stakeholders as contingency for any settlement of interests and/or penalties that may be imposed by the Existing Chargee subject to Clause 2 of the SPA (“the Contingency Sum”) and any balance therefrom shall only be released together with the Balance Purchase Price to the Vendor in accordance to Clause 5 of the SPA; and
- (b) A sum of RM1,440,000-00 only shall immediately be released by the Vendor’s Solicitors to the Vendor upon execution of the SPA.

- ii. **Payment of Balance Purchase Price and extension of time**
  - (a) The Balance Purchase Price shall be paid by the Purchaser or the Purchaser's Financier to the Vendor's Solicitors as stakeholders within 90 days from the date of the SPA ("the Completion Date").
  - (b) In the event that the Purchaser fails to pay the Balance Purchase Price on or before the Completion Date, the Vendor shall automatically grant an extension of time of 30 days to the Purchaser to complete the sale of the Property ("the Extended Completion Date") provided that the Purchaser shall pay to the Vendor interest at the rate of 8% per annum on the unpaid Balance Purchase Price to be calculated on a daily basis commencing from the first day after the Completion Date until the date of actual payment.
- iii. **Release of Balance Purchase Price**

The Vendor's Solicitors as stakeholders shall release the Balance Purchase Price, the late payment interest, if any, and the Purchaser's portion from the apportioned outgoings to the Vendor upon expiry of 14 days from the date of delivery of documents (including but not limited to the Original Issue Document of Title) which are customary and appropriate in transaction of this nature by the Vendor to the Purchaser's Solicitors or the Financier's Solicitors, as the case may be, OR within 14 days from the date of receipt of the Balance Purchase Price by the Vendor's Solicitors OR 14 days after the Memorandum of Transfer in favour of the Purchaser has been presented for registration at the appropriate Property registry free from encumbrances whichever is the earlier PROVIDED FURTHER THAT the Vendor shall have delivered vacant possession of the Property to the Purchaser.

## **2.6. On Liabilities assumed by the Purchaser**

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

## **2.7. Utilisation of Proceeds**

The net proceeds arising from the Disposal after the repayment to the Existing Chargee of up to RM10.0 million will be utilized as working capital of the Company and its subsidiaries ("the Ipmuda Group").

## **3. Rationale**

The Disposal is in the best interest of the Company as it represents an opportunity for the Ipmuda Group to unlock the value of the Property, strengthen its financial position and reduce its bank borrowings.

## **4. Effect of the 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 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 Disposal is expected to contribute positively to the NA and earnings of the Ipmuda Group upon the completion of the Disposal.

**c. Gearing**

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

**5. Risk Factors**

The Board of Directors of Ipmuda is not aware of any material risk arising from the Disposal other than the normal and market risks associated with a transaction of similar nature as the Disposal.

**6. Highest Percentage Ratio Applicable**

The highest percentage ratio applicable to the Disposal under Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 7.48%.

**7. Approvals Required**

The Disposal is not subject to the regulatory approval of any government authority or the approval of the shareholders of the Company.

**8. 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 Disposal.

**9. Directors’ Statement**

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

**10. Estimated Timeframe for Completion**

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

**11. Document Available For Inspection**

Copy of the SPA is available for inspection at the registered office of the Company at Bangunan Ipmuda, 12 Jalan Datoh, 30000 Ipoh, Perak Darul Ridzuan during normal office hours (8.30 a.m. to 6.00 p.m.) on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 30 April 2018.