

General Announcement

Company Name : MBM Resources Berhad
Stock Name : MBMR
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Type : Announcement
Subject : MBM Resources Berhad (“MBMR” or “the Company”)

SHARE SALE AND PURCHASE AGREEMENT BETWEEN MBM RESOURCES BERHAD (“MBMR”) AND MITSUI & CO., LTD. (“MITSUI”) ON ADDITIONAL EQUITY PARTICIPATION BY MITSUI IN DAIHATSU (MALAYSIA) SDN. BHD. (“SPA”)

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Reference is made to our previous announcement dated 1 June 2012 pertaining to the status of a memorandum of understanding between MBMR and Mitsui & Co., Ltd. Japan (“Mitsui” or “the Purchaser”) for the proposed sale by the Company to Mitsui of a 20% stake in Daihatsu (Malaysia) Sdn. Bhd. (“DMSB”) that would result in Mitsui increasing its stake in DMSB from 10% to 30%.

The Board of Directors of MBMR wishes to announce that the Company has entered into a Share Sale and Purchase Agreement today with Mitsui (“SPA”) with the intention of increasing Mitsui’s equity participation in DMSB via an acquisition of 4,000,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital in DMSB by Mitsui from MBMR (“the Acquisition by Mitsui” or “the Disposal by MBMR”).

1. INFORMATION ON DMSB

DMSB was incorporated in Malaysia on 19 February 1980 as a private limited company. The authorised capital of DMSB is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 20,000,000 have been issued and paid up. The current shareholders of DMSB comprise MBMR (71.5%), Daihatsu Motor Co. Ltd. (“DMC”)(18.5%) and Mitsui (10%). DMSB is principally involved in the distribution and trading of Daihatsu commercial vehicles and spare parts and providing ancillary services and a dealer for Hino commercial vehicles. It also holds dealership of Perodua vehicles under its wholly-owned subsidiary, DMM Sales Sdn. Bhd.

2. INFORMATION ON MITSUI

Mitsui is one of the most diversified and comprehensive trading, investment and service enterprises in the world, with 151 offices in 67 countries as of February 2013. Utilising the global operating locations, network and information resources, Mitsui is multilaterally pursuing business that ranges from product sales, worldwide logistics and financing, through to the development of major international infrastructure and other projects in the following fields, Iron & Steel Products, Mineral & Metal Resources, Infrastructure Projects, Motor Vehicles & Construction Machinery, Marine & Aerospace, Chemicals, Energy, Food Resources, Food Products & Services, Consumer Services, IT, Financial & New Business and Transportation Logistics. Mitsui is actively taking on challenges for global business innovation around the world. For more information, visit <http://www.mitsui.com>.

3. RATIONALE FOR THE INCREASED EQUITY PARTICIPATION BY MITSUI

Mitsui is currently a 10% shareholder of DMSB. According to the SPA, Mitsui will acquire from MBMR an additional 20% equity interest in DMSB. The additional equity interest will enable Mitsui to have an increased board representation in DMSB, thus DMSB will be able to benefit from a higher input

by Mitsui into corporate, management and operational policies drawn from Mitsui's worldwide experience in dealerships operations.

DMSB will remain a subsidiary of MBMR at 51.5%, whilst Mitsui and DMC will jointly own 48.5% of DMSB. The change in equity participation represents willingness by all parties to strengthen a long term partnership to facilitate the further development of DMSB's businesses.

4. DETAILS OF THE ACQUISITION BY MITSUI

4.1 DATE ON WHICH THE TERMS OF THE SPA WERE AGREED UPON

The terms of the SPA were agreed upon on even date with the execution of the SPA by MBMR and Mitsui.

4.2 DETAILS OF THE SALE SHARES

The Sale Shares comprise 4,000,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of DMSB.

On 1 December 1994, MBMR acquired 14,300,000 ordinary shares of RM1.00 each representing 71.5% equity interest in DMSB at a cost of RM54.5 million, for which a negative goodwill of RM13.5 million was derived.

The cost of investment by MBMR for its 20% equity interest in DMSB was RM15.2 million.

4.3 TOTAL CONSIDERATION

The consideration for the acquisition to be paid by Mitsui is Ringgit Malaysia Eighty Three Million Two Hundred and Sixty Four Thousand (RM83,264,000.00) ("Sale Shares Consideration").

(a) The basis of arriving at the Sale Shares Consideration

The Sale Shares Consideration was arrived at on a willing-buyer-willing-seller basis after taking into consideration the prospects of DMSB and its financial position based on the latest audited consolidated accounts of DMSB for the financial year ended 31 December 2011 and the unaudited results of DMSB for the financial year ended 31 December 2012.

(b) The manner in which the Sale Shares Consideration will be satisfied

Upon execution of the SPA together with a Supplementary Agreement to the Joint Venture Agreement (refer to Note 5 below), Mitsui shall pay to MBMR in full RM83,264,000. The entire Sale Shares Consideration shall be satisfied in cash.

4.4 FINANCIAL INFORMATION ON THE SALE SHARES

(a) Net Profits Attributable to the Sale Shares

The unaudited consolidated net profits of DMSB for the year ended 31 December 2012 attributable to the Sale Shares was RM4.1 million.

(b) Net Tangible Assets ("NTA") Attributable to the Sale Shares

The unaudited NTA value of DMSB as at 31 December 2012 attributable to the Sale Shares was RM57.4 million.

4.5 THE EXPECTED GAIN/LOSS TO MBMR GROUP

The Company's total cost of investment in DMSB is RM15.2 million. MBMR is expected to realise a gross gain from the Disposal by MBMR at Company level of approximately RM68.0 million.

At Group level, the Disposal by MBMR is not expected to have a significant effect on the gain or loss on disposal.

5. SALIENT TERMS OF THE SPA

- 5.1 The SPA is entered into between MBMR and Mitsui together with a Supplementary Agreement ("SA") to the Joint Venture Agreement ("JVA").
- 5.2 The JVA was entered into by Med-Bumikar Mara Sdn. Bhd. ("MBMSB", the holding company of MBMR), DMC and Mitsui in 10 March 1980. The SA to the JVA will reflect the new equity structure upon completion of the Acquisition by Mitsui.
- 5.3 Upon completion under the SPA, the Purchaser shall pay to MBMR in full the sum of Ringgit Malaysia Eighty Three Million Two Hundred and Sixty Four Thousand (RM83,264,000).

6. EFFECT OF THE DISPOSAL BY MBMR

The Disposal by MBMR is not expected to have any material effect on the earnings, net assets and gearing of MBMR for the current financial year ending 31 December 2013.

There is no effect on the issued and paid-up share capital and the substantial shareholders' shareholding in MBMR.

7. LIABILITIES TO BE ASSUMED BY THE PURCHASER

There are no liabilities to be assumed by the Purchaser as a result of the Disposal by MBMR.

8. RISK FACTORS AND PROSPECTS

There is no anticipated risk resulting from the Disposal by MBMR.

9. APPROVALS REQUIRED AND APPLICATION TO RELEVANT AUTHORITIES

The Disposal by MBMR does not require the approval of shareholders of MBMR.

10. ESTIMATED TIME FRAME FOR COMPLETION OF THE ACQUISITION BY MITSUI

The Acquisition by Mitsui is expected to be completed by Quarter 1 2013.

11. THE HIGHEST PERCENTAGE RATIO APPLICABLE TO THE DISPOSAL PURSUANT TO CHAPTER 10 OF THE BURSA LISTING REQUIREMENTS

The Disposal by MBMR is not a Related Party Transaction. Pursuant to Part D Chapter 10 of the Bursa Listing Requirements, the highest percentage ratio applicable to the Disposal is 6.22%.

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors or major shareholders of MBMR or persons connected to them have any interest, direct or indirect, in the Disposal by MBMR.

13. STATEMENT BY DIRECTORS

The Directors of MBMR, having considered all aspects of the Disposal by MBMR, are of the opinion that the Disposal is in the best interest of MBMR and its shareholders.

This announcement is dated 27 February 2013.