

TYPE : **GENERAL ANNOUNCEMENT**
SUBJECT : **TRANSACTION, CHAPTER 10 OF MAIN MARKET LISTING REQUIREMENTS – RELATED PARTY TRANSACTION**
DESCRIPTION : **MBM RESOURCES BERHAD (“MBMR” OR “THE COMPANY”) DISPOSAL OF PROPERTY BY SUMMIT VEHICLES BODY WORKS SDN BHD (“SV”), A WHOLLY-OWNED SUBSIDIARY OF MBMR, TO AQ PACK (M) SDN BHD (“AQP”), A SUBSIDIARY OF MED-BUMIKAR MARA SDN BHD (“MBM”), A MAJOR SHAREHOLDER OF MBMR, FOR A CASH CONSIDERATION SUM OF RM10,400,000 (“THE DISPOSAL”)**

CONTENT:

1. INTRODUCTION

1.1 Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“Main LR”), the Board of Directors of MBMR (“Board”) wishes to announce that its wholly-owned subsidiary, SV has on 5 June 2017 entered into a Sale and Purchase Agreement (“SPA”) with AQP, a subsidiary of Med-Bumikar Mara Sdn Bhd, a major shareholder of the Company, for the disposal of the property more particularly described in item 2.3 below, for a total cash consideration of Ringgit Malaysia Ten Million Four Hundred Thousand (RM10,400,000.00) only (“Disposal Price”).

2. INFORMATION ON THE DISPOSAL

2.1 Information on AQP

AQP is a company incorporated in Malaysia with its registered office at Suite C-5-4, Wisma Goshen, Jalan Pantai Baharu, Plaza Pantai, 59200 Kuala Lumpur. AQP is principally engaged in the manufacturing of embossed carrier tapes for packaging of electronic parts and components as well as investment holding.

AQP’s present issued share capital is RM1,335,000.00 represented by 1,335,000 ordinary shares (“OS”).

The directors and shareholders of AQP are as follows:

Directors
Dato' Abd Rahim bin Abd Halim
Poh Chee Kwan
Ng Liang How
Fong Yap Hoong
Yap Chew Keong
Tan Yih Woei (Alternate Director to Poh Chee Kwan)

Shareholders	Number of Shares	Percentage of Shareholdings
Ng Liang How	207,208	15.52%
Ng Hon Shan	20,025	1.50%
Med-Bumikar Mara Sdn Bhd (“MBM”)	1,107,767	82.98%
Total	1,335,000	100.00%

2.2 **Information on MBM**

MBM is a company incorporated in Malaysia with its registered office at Suite C-5-4, Wisma Goshen, Jalan Pantai Baharu, Plaza Panati, 59200 Kuala Lumpur. The principal activity of MBM is investment holding with diverse interests in various businesses including trading and manufacturing of rubber glove products.

MBM's present issued share capital is RM72,714,895.40 represented by 70,000,000 OS and 27,148,954 Preference Shares ("PS").

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The directors and shareholders of MBM and their respective shareholdings in MBM are as set out below:

	Ordinary shares				Preference shares			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Directors								
Dato' Abd Rahim bin Abd Halim	-	-	8,215,536 ⁽¹⁾	11.74	-	-	2,000,000 ⁽¹⁾	7.37
Junaidah Binti Abdul Majid	-	-	-	-	-	-	-	-
Ng Seng Kong	446,548	0.64	-	-	1,255,170	4.62	-	-
Aqil Bin Ahmad Azizuddin	1,309,506	1.87	8,116,536 ⁽²⁾	11.60	100,000	0.37	-	-
Yap Siew Chin	-	-	8,225,223 ⁽³⁾	11.75	-	-	4,700,127 ⁽³⁾	17.31
Looi Kok Loon	1,000,000	1.43	7,205,285 ⁽⁴⁾	10.29	571,429	2.10	411,730 ⁽⁴⁾	1.52
Wong Wei Khin	1,194,070	1.71	6,618,924 ⁽⁵⁾	9.46	200,000	0.74	300,000 ⁽⁶⁾	1.11
Wong Fay Lee	-	-	-	-	-	-	-	-
Muhamad Zaki bin Jali	-	-	-	-	-	-	-	-
Shareholders								
Majlis Amanah Rakyat (MARA)	20,423,697	29.18	-	-	11,670,684	42.99	-	-
Rosen Sdn Bhd	8,225,223	11.75	-	-	4,700,127	17.31	-	-
Prestige Automobiles Services Sdn Bhd	8,215,536	11.74	-	-	2,000,000	7.37	-	-
Azizuddin Sdn Bhd	8,116,536	11.60	-	-	-	-	-	-
Harmony Parade Sdn Bhd	4,486,443	6.41	-	-	3,363,682	12.39	-	-
K P Looi Holdings Sdn Bhd	7,205,285	10.29	-	-	411,730	1.52	-	-
L.T. Wong (Holdings) Sdn Bhd	6,494,235	9.28	-	-	-	-	-	-
NGT Holdings Sdn Bhd	2,660,646	3.80	4,486,443 ⁽⁷⁾	6.41	2,520,369	9.28	3,363,682 ⁽⁸⁾	12.39
Dato' Abd Rahim bin Abd Halim	-	-	8,215,536 ⁽¹⁾	11.74	-	-	2,000,000 ⁽¹⁾	7.37
Zaharah Bte Nordin	-	-	8,215,536 ⁽¹⁾	11.74	-	-	2,000,000 ⁽¹⁾	7.37
Aqil Bin Ahmad Azizuddin	1,309,506	1.87	8,116,536 ⁽²⁾	11.60	100,000	0.37	-	-
Looi Kok Loon	1,000,000	1.43	7,205,285 ⁽⁴⁾	10.29	571,429	2.10	411,730 ⁽⁴⁾	1.52
Yap Siew Chin	-	-	8,225,223 ⁽³⁾	11.75	-	-	4,700,127 ⁽³⁾	17.31
Low Hin Choong	-	-	8,225,223 ⁽³⁾	11.75	-	-	4,700,127 ⁽³⁾	17.31
Wong Wei Khin	1,194,070	1.71	6,618,924 ⁽⁵⁾	9.46	200,000	0.74	300,000 ⁽⁶⁾	1.11
Wong Fay Ling	124,689	0.18	7,688,305 ⁽⁸⁾	10.98	300,000	1.11	200,000 ⁽⁹⁾	0.74
Ng Seng Kong	446,548	0.64	-	-	1,255,170	4.62	-	-
Turisaina Binti Hussin	97,586	0.14	-	-	55,763	0.21	-	-
	70,000,000	100.00						

Notes:

- (1) *Deemed interest through Prestige Automobiles Services Sdn Bhd*
- (2) *Deemed interest through Azizuddin Sdn Bhd*
- (3) *Deemed interest through Rosen Sdn Bhd*
- (4) *Deemed interest through K P Looi Holdings Sdn Bhd*
- (5) *Deemed interest through L. T. Wong (Holdings) Sdn Bhd and Wong Fay Ling*
- (6) *Deemed interest through Wong Fay Ling*
- (7) *Deemed interest through Harmony Parade Sdn Bhd*
- (8) *Deemed interest through L.T. Wong (Holdings) Sdn Bhd and Wong Wei Khin*
- (9) *Deemed interest through Wong Wei Khin*

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2.3 Information on the Property

The property which forms the subject matter of the Disposal is a piece of land with a single storey factory and office erected thereon ("Property"). Further details of the Property are as described below:

Postal Address Property	PT42684, Jalan Ombah 34/1, Off Jalan Bukit Kemuning, Seksyen 34, 40470 Shah Alam, Selangor
Title of land	H.S.(D) 37125, PT 42684, Mukim Klang, Daerah Klang, Negeri Selangor
Tenure	Freehold
Land Area	Approximately 1.385 hectares (1.3848 hectares)
Category of Land Use	Perusahaan
Express Condition	Perusahaan
Restriction-in-interest	Nil
Encumbrances	Nil
Existing Use of the Property	The Property is currently vacant as the business operations of SV have ceased.
Proposed Use of the Property	Factory and warehouse for the operation of AQP's principal business activities
Audited Net Book Value of the Property as at 31 December 2016	RM4,321,466
Original cost and date of investment	The Property was acquired by SV on 5 December 2006 at a purchase price of RM4,173,745

2.4 Salient terms of the SPA

- (a) SV agrees to sell and AQP agrees to purchase the Property on an "as is where is" basis free from all encumbrances with vacant possession but subject to the conditions of title whether express and/or implied and upon the terms and conditions of the SPA.
- (b) Manner of payment of the Disposal Price by AQP:
 - (i) RM1,040,000 being 10% of the Disposal Price ("Deposit") payable upon execution of the SPA (wherein RM312,000.00 which represents 30% of the Deposit shall be retained by AQP's solicitors as the retention sum for real property gains tax ("Retention Sum") and RM728,000 which represents 70% of the Deposit shall be paid to SV); and
 - (ii) RM 9,360,000 being 90% of the Disposal Price shall be paid to SV within 6 months from the date of the SPA.
- (c) If the transfer of the Property in favour of AQP ("Transfer") cannot be perfected for any reason whatsoever not due to the default by AQP and SV ("Parties" or "Party") and the Parties having taken all reasonable efforts and steps to effect the Transfer, then in that event the Parties agree that either party may elect to terminate SPA by notice in writing to the other Party within fourteen (14) days from the date of receipt of the notice.

(d) In the event of default by:

- (i) AQP in payment of the balance Disposal Price or in the satisfaction of any other sum due to SV in accordance with the provisions in the SPA, SV may by notice in writing serve on AQP to terminate SPA and SV is entitled to forfeit the Deposit absolutely as agreed liquidated damages and all other monies received by SV towards the Disposal Price (less the Deposit) shall be refunded by SV to AQP free of interest. Thereafter, the SPA shall be null and void and of no further force and neither Party shall have any further rights against the other but without prejudice to any right which either Party may be entitled to against the other Party in respect of any antecedent breach of the SPA.
- (ii) In the event SV shall default in completing the sale of the Property to AQP in accordance with the terms of the SPA, AQP shall be entitled at its sole and absolute discretion to claim against AQP for an action in specific performance together with all remedies flowing therefrom or alternatively at its sole and absolute discretion in writing to terminate the SPA by serving the termination notice on SV and SV shall pay to AQP a sum equivalent to the Deposit sum as agreed liquidated damages.

2.5 Basis of arriving at and Justification for the Disposal Price

The Disposal Price was arrived at based on a willing buyer willing seller basis after taking into consideration the market value as ascribed by C H Williams Talhar & Wong Sdn Bhd ("Valuer") in the Valuation Report dated 20 January 2017 ("Valuation Report").

The Valuer had on 18 January 2017 inspected the Property and determined the market value at RM10,400,000. In arriving at the market value, the Valuer had adopted the comparison method of valuation which entails analysing recent transactions and asking prices of similar property in and around the locality of the Property which ranges between RM782 to RM861 per square meters, for comparison purposes with adjustments made for differences in location, terrain, size and shape of land, condition of site, tenure, planning provision, title restrictions, if any, and other relevant characteristics.

2.6 Assumption of liabilities by AQP arising from the Disposal

There would be no liabilities assumed by AQP arising from the Disposal including any contingent liability and guarantee.

2.7 Utilisation of Proceeds

The proceeds of RM10,400,000 from the Disposal will be utilised for the working capital and/or the repayment of bank borrowings of MBMR by the end of 2018.

2.8 Expected Gains to MBMR Group

The expected gain from the Disposal is approximately RM5.77 million (net of estimated real property gains tax payable).

3. RATIONALE AND BENEFIT FOR THE DISPOSAL

The Disposal will enable MBMR to realize its investment that is not considered as strategic or synergistic to its other operations in the MBMR Group. At the same time, MBMR would be able to reduce its finance costs from the utilisation of proceeds as described in Section 2.7.

4. EFFECTS OF THE DISPOSAL

The earnings per share and net assets per share are expected to increase by 1.48 sen if the Disposal is completed within the financial year ending 31 December 2017.

The Disposal is not expected to have any material financial effects on the gearing of MBMR for the financial year ending 31 December 2017.

There is no effect on the issued share capital and substantial shareholders' shareholdings in MBMR.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS' AND PERSONS CONNECTED TO THEM

5.1 Save as disclosed below, none of the other Directors and/or major shareholders and/or persons connected with the Directors or major shareholders of MBMR have any interest, direct or indirect, in the Disposal

(a) The interested major shareholder, namely MBM is holding 82.98% of the equity interest in AQP.

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(b) The direct and indirect shareholdings of the major shareholders in MBMR are as follows:

Major Shareholders	Ordinary shares				Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of Warrants	%	No. of Warrants	%
MBM	193,504,349	49.50	2,213,402 ^(#)	0.57	36,595,519	50.07	420,000 ^(#)	0.58
Employees Provident Fund Board	59,143,691	15.13	-	-	5,981,229	8.18	-	-

Note:

[#] Deemed interest by virtue of its shareholdings in Central Shore Sdn. Bhd

(c) The following Directors are deemed interested by virtue of them being the board representatives of MBM in MBMR, SV and AQP:-

	MBMR	SV	AQP
Dato' Abd Rahim bin Abd Halim	Chairman, Non-Independent Director	Director	Director
Aqil bin Ahmad Azizuddin	Non-Independent Director	-	-
Wong Fay Lee	Executive Director	-	-
Low Hin Choong	Non-Independent Director	-	-
Ng Seng Kong	Non-Independent Director	-	-
Poh Chee Kwan	-	Director	Director

(c) The direct and indirect shareholdings of the interested directors in MBMR ("Interested Directors") are as follows:-

Interested Directors	Ordinary shares				Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of Warrants	%	No. of Warrants	%
Dato' Abd Rahim Bin Abd Halim	1,056,276	0.27	2,100,000 ⁽¹⁾	0.54	201,100	0.28	405,000 ⁽¹⁾	0.55
Aqil Bin Ahmad Azizuddin	734,219	0.19	3,141,099 ⁽²⁾	0.80	132,134	0.18	66,880 ⁽²⁾	0.09
Wong Fay Lee	33,100	0.01	174,000 ⁽³⁾	0.04	-	-	-	-
Low Hin Choong	32,000	0.01	1,432,956 ⁽¹⁾	0.37	6,000	0.01	-	-
Ng Seng Kong	160,000	0.04	1,459,715 ⁽³⁾	0.37	-	-	273,696 ⁽³⁾	0.37

The above interested directors have abstained from deliberating and voting in relation to the Disposal at the Audit and Risk Management Committee and Board of Directors' meetings, where applicable.

Notes:

⁽¹⁾ Deemed interest by virtue of shares/warrants held by close family members.

⁽²⁾ Deemed interest by virtue of shares/warrants held by close family members and companies in which he has interest.

⁽³⁾ Deemed interest by virtue of shares/warrants held by LT Wong (Holdings) Sdn Bhd.

6. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE DISPOSAL

Based on the Disposal Price and the Company's audited consolidated financial statements for the financial year ended 31 December 2016, the highest percentage ratio applicable to the Disposal pursuant to Paragraph 10.02(g) of the Main LR is 0.65%.

7. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

7.1 The Audit and Risk Management Committee of MBMR (save for Aqil bin Ahmad Azizuddin), having considered the Disposal, is of the opinion that the Disposal is:

- (a) in the best interest of the Group;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interest of the minority shareholders of the Company.

7.2 The Audit Committee and Risk Management Committee (save for Aqil bin Ahmad Azizuddin) has taken into consideration the following factors in forming its views in respect of the Disposal:

- (a) The terms and conditions of the SPA;
- (b) The market value as ascribed by the Valuer in the Valuation Report;
- (c) Basis of arriving at and justification for the Disposal Price; and
- (d) The rationale for the Disposal.

8. STATEMENT BY THE BOARD OF DIRECTORS

Save for the Interested Directors, the remaining Directors of MBMR, having considered the Disposal, are of the opinion that the Disposal is:

- (a) in the best interest of MBMR;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interest of the minority shareholders of the Company.

The view of the Board (save for the Interested Directors) was arrived at after having considered the following factors in forming its view in respect of the Disposal:

- (a) The terms and conditions of the SPA;
- (b) The market value as ascribed by the Valuer in the Valuation Report;
- (c) Basis of arriving at and justification for the Disposal Price; and
- (d) The rationale for the Disposal.

9. TRANSACTION WITH RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the Disposal, the MBMR Group has not entered into any other transaction with MBM and/or AQP for the preceding 12 months.

10. ESTIMATED TIME FRAME FOR COMPLETION

The Disposal is expected to be completed within 6 months from the date of the SPA.

11. APPROVALS REQUIRED

The Disposal is not subject to the approval of any authorities and/or the shareholders of MBMR.

12. DOCUMENTS FOR INSPECTION

The SPA and the Valuation Report are available for inspection at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during office hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 5 June 2017.