

MYMBN BERHAD (“MYMBN” OR “COMPANY”)

PROPOSED ACQUISITION BY MBN ENTERPRISE SDN BHD (“MBN ENTERPRISE”), A WHOLLY-OWNED SUBSIDIARY OF MYMBN, OF A LEASEHOLD THREE STOREY SHOP OFFICE LOCATED IN DAERAH MELAKA TENGAH, NEGERI MELAKA (“PROPERTY”) FROM NG HENG HONG (“VENDOR”) FOR A TOTAL CASH CONSIDERATION OF RM838,000.00 (“PURCHASE PRICE”) (“PROPOSED ACQUISITION”)

1. INTRODUCTION

The Board of Directors of the MYMBN (“**Board**”) wishes to announce that MBN Enterprise had on 26 July 2023 entered into an unconditional sale and purchase agreement with the Vendor for the Proposed Acquisition (“**SPA**”).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Property

Details of the Property are set out below:

Postal address	32, 32-1, 32-2, Jalan Melaka Raya 26, Taman Melaka Raya, 75000 Melaka
Title description	PN 15259 LOT 481, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Negeri Melaka
Land use	Building
Express Condition	For commercial building purpose only
Description of the Property	A unit of three storey shop office
Terms of tenure	Leasehold for a term of 99 years expiring on 24 February 2094
Age of Property	28 years
Land area	209 square metres
Registered owner	Ng Heng Hong
Existing use of Property	Vacant
Encumbrances	Nil
Restriction-in-interest	Nil

2.2 Salient terms of the SPA

The salient terms of the SPA are, amongst others, as set out below:

(i) **Agreement for sale**

The Vendor hereby agrees to sell and MBN Enterprise agrees to purchase the Property at the Purchase Price free from all encumbrances, claims, charges, liens, easements, caveats, order of court, trusts, equities and any conflicting interests and restraints whatsoever but subject to all conditions of title affecting the Property upon the terms and conditions therein the SPA.

(ii) **Payment**

The Purchase Price shall be paid as follows:

- (a) the deposit amounting to RM83,800.00 shall be paid to the Vendor's solicitors as stakeholder upon signing of the SPA; and
- (b) the balance purchase price amounting to RM754,200.00 ("**Balance Purchase Price**") shall be paid to the Vendor's solicitors as stakeholder by the completion date provided if payment is not made by 31st July 2023 ("**Completion Date**"), the Vendor shall automatically and without any request from MBN Enterprise allow MBN Enterprise to pay the Balance Purchase Price by the extended completion date, being 1 month from the Completion Date ("**Extended Completion Date**"), subject to MBN Enterprise paying the Vendor the agreed interest rate of 8% per annum on the outstanding amount of the Purchase Price.

(iii) **No warranty by the Vendor**

- (a) The Vendor and MBN Enterprise hereby confirm that MBN Enterprise has agreed to purchase the Property on a "as is where is" basis and has inspected the same and is satisfied with the state and condition of the Property.
- (b) There is no warranty by the Vendor that the Property is fit for a particular purpose or has development potential (if is a land not developed).

(iv) **Conditions of title, error, misstatement or omission**

- (a) The Property is sold subject:
 - (aa) To all conditions of title express or implied and all easements (if any) affecting the same; and
 - (bb) Its description is believed and shall be taken to be correctly described.
- (b) No objection shall be made on account of any error in description of the Property or to its area unless the Purchase Price is calculated based on its area in which case the Purchase Price shall be adjusted accordingly if the total area of the Property as described herein is different from the actual area of the Property.

(v) **No acquisition or intended acquisition**

The Vendor covenants that the Property or any part thereof is not as at the date of the SPA subject to any government or intended government acquisition and if there is a breach thereof, MBN Enterprise shall be entitled to terminate the SPA.

(vi) Determination of agreement

If MBN Enterprise terminates the SPA, the Vendor shall forthwith refund or cause to be refunded all monies paid by MBN Enterprise towards the Purchase Price and any other monies paid by MBN Enterprise to or on behalf of the Vendor pursuant to the terms of the SPA within 14 working days of such termination excluding the real property gains tax retention sum which shall be paid to MBN Enterprise on receipt of the same by the Vendor from the Inland Revenue Department Malaysia.

(vii) Notices

Any notice, request, or demand required to be served by either party hereto to the other under the provisions of the SPA shall be in writing and shall be deemed to be sufficiently served:

- (a) If it is given by the party or his solicitors by registered post or sent by courier service to the other party's address hereinbefore mentioned or his solicitors and it shall be deemed to have been received 3 days after such posting; or
- (b) If it is given by the party or his solicitors by hand to the other party or his solicitors; or
- (c) If email or other electronic devices are used in the sale of the Property by the Vendor to MBN Enterprise, any notice or notification by such device(s) shall be deemed sufficient as service.

(viii) No variation

No variation or amendment of the SPA shall be valid unless effected in writing and signed by the parties hereto.

2.3 Basis of and justification for the Purchase Price

MBN Enterprise did not carry out any formal valuation on the Property. However, a valuation report will be done mainly for financing purposes in due course.

The Purchase Price was arrived on a "willing-buyer and willing-seller" basis agreed upon by MBN Enterprise and the Vendor, after taking into consideration, benchmarking and surveying the price of properties located in Taman Melaka Raya.

2.4 Source of funding

The Purchase Price is expected to be financed via the Company's internally generated funds and bank borrowings.

2.5 Liabilities to be assumed by MYMBN

Save for the bank borrowings for the funding of the Purchase Price, there are no other liabilities, including contingent liabilities and guarantees to be assumed by MYMBN pursuant to the Proposed Acquisition.

2.6 Information on MBN Enterprise

MBN Enterprise., a wholly-owned subsidiary of the Company, was incorporated in Malaysia as a private limited company under the Companies Act 2016 ("Act") on 31 December 2009 under the name of Zaman Kuala Sdn Bhd before it assumed its present name on 24 August 2016. MBN Enterprise is principally involved in the processing and sale of edible bird's nest.

As at 25 July 2023, being the latest practicable date prior to this announcement ("LPD"), MBN Enterprise's share capital is RM500,000.00 comprising 500,000 ordinary shares. Lavernt Chen Yun Wo, Lee Wei Kong and Liw Chong Liong are the directors of MBN Enterprise.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will enable MBN Enterprise to re-organise and streamline its processing facilities to improve its processing workflow and efficiency. Further, the Property is located strategically nearby MBN Enterprise's existing processing facilities which is less than one kilometer away which will ease the management in monitoring and supervision of their employees in the future.

4. RISK FACTORS

4.1 Non-completion risk

The completion of the Proposed Acquisition is conditional upon the fulfilment of the condition precedent in the SPA. If any of the condition precedent are not met or waived, the SPA may be terminated and MBN Enterprise will not be able to complete the Proposed Acquisition. However, the Board will take reasonable steps to ensure that all the condition precedent is fulfilled in accordance with the SPA.

4.2 Financing risk

MBN Enterprise will be seeking external financing to fund the Proposed Acquisition. Its ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, or any restrictions imposed by the Malaysian Government as well as the political, social and economic conditions in Malaysia. The Group may also be exposed to fluctuations in interest rate movements. Any future significant fluctuation of interest rates could have an effect on the Group's cash flows and profitability. Nevertheless, MBN Enterprise will endeavor to manage its cash flow position and funding requirements prudently, to address the risk.

5. EFFECTS OF THE PROPOSED ACQUISITION

5.1 Issued share capital and substantial shareholders' shareholdings of MYMBN

The Proposed Acquisition will not have any effect on the share capital and substantial shareholders' shareholdings of MYMBN.

5.2 Earnings per share ("EPS")

The Proposed Acquisition is not expected to have any material impact on EPS of MYMBN for the financial year ending 31 December 2023.

5.3 Net assets per share and gearing

The Proposed Acquisition is not expected to have any material impact on the net assets per share of MYMBN for the financial year ending 31 December 2023.

The Proposed Acquisition will be funded via bank borrowings as set out in Section 2.3 of this announcement, the impact of gearing on MYMBN and its group of subsidiaries (“Group”) pursuant to the Proposed Acquisition is as follows:

	Audited as at 31 December 2022	Subsequent events up to the LPD⁽¹⁾	After the Proposed Acquisition
	RM'000	RM'000	RM'000
Share capital	10,800	31,380	31,380
Merger deficit	(10,300)	(10,300)	(10,300)
Retained profits	14,609	13,034	13,034
Total equity	15,109	34,114	34,114
No. of ordinary shares of MYMBN in issue ('000)	288,000	386,000	386,000
Net asset per ordinary shares of MYMBN (sen) ⁽²⁾	5.25	8.84	8.84
Total borrowings (RM'000)	4,405	4,405	5,159 ⁽³⁾
Gearing (times) ⁽⁴⁾	0.29	0.13	0.15

Notes:

(1) After taking into account the following:

- (i) the issuance of 98,000,000 new ordinary shares in MYMBN at RM0.21 each pursuant to its initial public offering (“IPO”); and
- (ii) the expenses incurred by the Company in relation to its IPO amounting to approximately RM1.58 million since 1 January 2023 up to the LPD

(2) Computed based on total equity divided by the number of ordinary shares of MYMBN in issue.

(3) After taking into account the bank borrowings amounting to RM0.75 million for the funding of the Proposed Acquisition.

(4) Computed based on total borrowings divided by total equity.

6. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of the shareholder of the Company.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is 5.55% computed based on the Purchase Price compared with the latest audited net asset of the Group as at 31 December 2022.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of the directors, major shareholders, chief executive of MYMBN and/or persons connected to them has any interest, either directly or indirectly in the Proposed Acquisition.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition, including the terms of the SPA, rationale and benefits of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA will be made available for inspection at the registered office of MYMBN at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 26 July 2023.