MIECO CHIPBOARD BERHAD ("MCB" or "COMPANY")
DISPOSAL OF PROPERTY BY SENG YIP FURNITURE SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MCB FOR A CASH CONSIDERATION OF RM57.00 MILLION

1. INTRODUCTION

The Board of Directors of MCB wishes to announce that Seng Yip Furniture Sdn Bhd ("SYF" or "Vendor"), a wholly-owned subsidiary of the Company has on 19 March 2026 entered into a conditional Sale and Purchase Agreement ("SPA") with Jin Ye Ye Sdn Bhd ("JYY" or "Purchaser") for the disposal of all the 2 pieces of freehold industrial land together with the buildings erected thereon, more particularly set out in paragraph 2.1 below ("the Said Property"), for a total cash consideration of RM57,000,000-00 ("Disposal Consideration") (the "Disposal").

Further details of the Disposal are set out in the ensuing sections of this announcement.

2. DETAILS OF THE DISPOSAL

The Disposal entails the disposal of the Said Property by SYF to JYY on an "as is where is" basis, free from all encumbrances and with vacant possession, but subject to the conditions and restrictions in interest (if any) affecting the Issue Document of Title and upon the terms and conditions contained in the SPA.

Please refer to **Appendix I** of this Announcement for the salient terms of the SPA.

2.1 Information on the Said Property

The details of the Said Property are as follows:-

Identification	1. H.S.(D) 140419, PT 30871, ("PT 30871") 2. H.S.(D) 140420, PT 30872, ("PT 30872") both of Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor (collectively, the "Said Property")
Postal Address	Lot 974, Batu 23 1/2, Jalan Sungai Lalang, 43500 Semenyih, Selangor.
Tenure of land	Freehold
Type of Property	Detached Factory
Description of the Said Property	All the two (2) pieces of freehold industrial land together with the buildings erected thereon
Existing use	Office, factory and warehouse
Provisional land area	1. PT 30871 - approximately 17,356.850 square meters 2. PT 30872 - approximately 51,175.725 square meters
Age of Said Property	The buildings range between 15 to 20 years old
Built-up floor area of the Said Property	Total built-up area approximately 21,240.6 square metres comprising office, factory, kiln drying plant and boiler house.
Registered proprietor	Seng Yip Furniture Sdn Bhd
Express condition	Perusahaan Berat
Restriction in interest	Nil
Encumbrances	Both titles have been charged to HONG LEONG BANK BERHAD
Audited net book value as at 31 December 2024	RM40.231 million

2.2 Information on the Purchaser

JYY was incorporated in Malaysia under the Companies Act, 1965 on 23 July 2012 as a private limited company and is deemed registered under the Companies Act, 2016 ("**Act**"). JYY is principally engaged in the provision of wholesale, retail and trading in confectioneries, processed foods and beverages.

As at 18 March 2026, the issued share capital of JYY is RM500,000.00 comprising 500,000 ordinary shares.

The directors of JYY are Andy Tan Kim Soon and Alan Tan Kim Chai.

The direct and indirect shareholdings of the directors and major shareholder of JYY are set out below:-

	Direct		Indirect	
Director/Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Andy Tan Kim Soon	250,000	50	-	-
Alan Tan Kim Chai	250,000	50	-	-

2.3 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a “willing buyer, willing seller” basis after arm’s length negotiations between the parties, taking into consideration the following:

- the net book value of the Said Property as at 31 December 2024; and
- the rationale for the Disposal as set out in Clause 4 of this announcement.

2.4 Mode of settlement of the Disposal Consideration

The Disposal Consideration is to be satisfied/settled in the following manner:-

Payment terms		RM’000
Deposit	Deposited to the Vendor’s solicitors as stakeholders and to be released to the Vendor upon receipt of the letter of no objection from Economic Planning Unit (“EPU Letter”) by the Purchaser’s Solicitors; and after deducting the Retention Sum of RM1.710 million for remittance to the Inland Revenue Board.	5,700
Balance Disposal Consideration	To be deposited to the Vendor’s solicitors within 3 months from the Unconditional Date (the SPA shall become unconditional upon the Purchaser’s solicitors receiving the EPU Letter).	51,300
	Total	57,000

2.5 Liabilities to be remained

There are no other liabilities, including contingent liabilities, to be assumend by MCB and its subsidiaries (“MCB Group” or “Group”) and there are also no guarantees given/to be given by the MCB Group to the Purchaser pursuant to the Disposal.

2.6 Original cost and date of investment

The Said Property was acquired on 11 January 2005 and the cost of investment as of 31 December 2024 (inclusive of original acquisition cost and other development and revaluation up to 31 December 2024) is approximately RM40.231 million.

2.7 Expected profit arising from the Disposal

The Disposal is expected to result in an estimated net profit to MCB Group, details of which are set out below:-

		RM’000
Disposal Consideration		57,000
Less :	Carrying amount of the Said Property as at the financial year ended ("FYE") 31 December 2024 at Group level	40,231

	Estimated expenses for the Disposal (e.g. professional fees, commission to agent, incidental expenses and others)	3,000
	Estimated real property gain tax	2,500
Estimated net profit from the Disposal		11,269

3. UTILISATION OF PROCEEDS

The Company will raise cash proceeds amounting to approximately RM57.00 million pursuant to the Disposal. The proceeds are envisaged to be utilised in the following manner:-

Utilisation	Estimated timeframe from the date hereof	RM'000
Estimated redemption sum of Said Property	6 months	40,000
Working capital	6 months	11,500
Estimated expenses for the Disposal (e.g. professional fees, commission to agent, incidental expenses and others)	6 months	3,000
Estimated real property gain tax	6 months	2,500
Total		57,000

4. RATIONALE FOR THE DISPOSAL

The Disposal represents a strategic initiative undertaken to enhance the long-term viability of the Group amid an increasingly challenging operating environment. It forms part of the Group's ongoing asset rationalisation exercise, which includes the disposal of assets to reduce borrowings and interest cost, strengthen working capital and improve overall operational efficiency.

5. EFFECTS OF THE DISPOSAL

The effects of the Disposal on the issued share capital, net assets ("NA") per share, gearing level, substantial shareholders' shareholdings of the Company, earnings and earnings per share ("EPS") as well as the convertible securities of MIECO, if any, are set out below:-

5.1 Share Capital and shareholdings of substantial shareholders

The Disposal will not have any effect on the issued and paid-up share capital and the shareholding of the substantial shareholders of MCB as they do not involve any issuance of MCB shares.

5.2 Earnings

As shown in clause 2.7, the estimated net profit arising from the Disposal is RM11.269 million, which is equivalent to 1.13 sen per share.

Based on the Company's latest audited consolidated financial statements for the FYE 31 December 2024 and assuming the Disposal was effected at the beginning of the FYE 31 December 2024, the pro forma effects of the Disposal on the earnings of MCB Group is as follows:

	Audited for the FYE 31 December 2024	After the Disposal
	RM'000	RM'000
Profit after tax attributable to owners of the parent	1,536	12,805[(1)]
Number of ordinary shares in issue ('000)	1,000,000	1,000,000
Earnings per share (sen)	0.15	1.28

Note:
(1) After incorporating the estimated net profit on disposal of the Said Property of RM11.269 million.

5.3 Net assets ("NA") and gearing

The pro forma effects of the Disposal on the net assets and gearing of the MCB Group based on the latest audited consolidated financial statements as at 31 December 2024 and on the assumption that the Disposal was effected at the beginning of the 31 December 2024, are as follows:

	I	II
	Audited as at 31 December 2024 RM'000	After (I) and the Disposal RM'000
Share Capital	276,666	276,666
Foreign currency translation reserve	(78)	(78)
Other reserve	-	-
Retained earnings	52,458	63,727[(1)]
Shareholders' equity/Net assets	329,046	340,315
Number of ordinary shares in issue ('000)	1,000,000	1,000,000
NA per share (RM)	0.33	0.34
Total borrowings	237,741	197,741[(2)]
Gearing ratio (times)	0.72	0.58

Notes:-

(1) After incorporating the estimated net profit of RM11.269 million on disposal of the Said Property.

(2) After reducing the total borrowings by the estimated redemption sum of RM40.00 million.

(3) The gearing ratio is calculated by taken total borrowings over shareholders' equity.

6. RISK

The Disposal is not anticipated to present any risk factors that could materially or adversely affect the business operations and financial performance of MCB Group. Notwithstanding the foregoing, the Company will make its best efforts to ensure that all terms and conditions outlined in the SPA are fulfilled, and that the Disposal is completed within the stipulated timeframe.

7. APPROVALS REQUIRED

Apart from the condition precedent to obtain a letter of no objection from the Economic Planning Unit ("EPU Letter"), the Disposal does not require approval of the shareholders of MCB or any other authority. The Disposal is also not conditional upon any other corporate exercises undertaken or to be undertaken by MCB.

8. DIRECTORS, MAJOR SHAREHOLDERS AND PERSON CONNECTED WITH THEM

None of the Directors and major shareholders of MCB Group or person connected to them have any interest, direct or indirect, in the Disposal.

9. DIRECTORS STATEMENT

After considering all aspects of the Disposal, including the rationale, the market value of the Said Property, the basis and justification for the Disposal Consideration, the terms and conditions of the SPA, financial effects and risk factors, the Board is of the opinion that the Disposal is in the best interest of MCB and its shareholders.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 17.32% based on the latest audited financial statements of MCB as of 31 December 2024.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Disposal is expected to be completed in the 2nd half of year 2026.

12. DOCUMENT FOR INSPECTION

The SPA is available for inspection at the registered office of MCB at No. 1, Block C, Jalan Indah 2/6, Taman Indah, Batu 11, 43200 Cheras, Selangor during normal office hours from Monday to Friday (except public holiday) for a period of 3 months from the date of this announcement.

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The salient terms of the SPA are set out as below:-

1. SALE AND PURCHASE

In consideration of the Purchaser agreeing to pay to the Vendor the total purchase price of **RM57,000,000.00** ("**Purchase Price**"), the Vendor has agreed to sell and the Purchaser has agreed to purchase the Said Property free from all encumbrances and with vacant possession on an “as is where is” basis but subject to the conditions and restrictions in interest (if any) affecting the Issue Document of Title and upon the terms and subject to the conditions contained in this SPA.

2. PURCHASE PRICE

The Purchase Price shall be paid by the Purchaser to the Vendor in the following manner:-

Deposit

i. Prior to the execution of this SPA, the Purchaser has paid the sum of **RM1,140,000.00** hereto (hereinafter referred as the “**Earnest Deposit**”) as Earnest Deposit and part payment of the Purchase Price to the Vendor or any representative or Agency appointed by the Vendor, the receipt whereof the Vendor hereby acknowledges.

ii. Upon the execution of this SPA, the sum of **RM4,560,000.00** (hereinafter referred to as “**the Balance Deposit**”) shall be paid by the Purchaser and utilised in the manner as follows:-

(a) a sum of **RM2,850,000.00** is to be paid to the Vendor’s Solicitors as stakeholders, and subsequently released to the Vendor upon the receipt of the EPU Letter by the Purchaser’s Solicitors; and

(b) a sum of **RM1,710,000.00** is to be paid to the DGIR being the Retention Sum,

the aggregate of the Earnest Deposit and the Balance Deposit shall hereinafter be collectively referred to as “**the Deposit**”.

Balance Purchase Price

i. The balance of the Purchase Price of **RM51,300,000.00** (hereinafter referred to as the “**Balance Purchase Price**”) shall be paid by the Purchaser on or before the **Completion Date** or within such extended time if any, to the Vendor’s Solicitors as stakeholders.

3. ECONOMIC PLANNING UNIT (“EPU”) LETTER

The following clauses are extracted and reproduced from Clause 3A of the SPA :

3A.1 This Agreement shall be conditional upon the Purchaser receiving a letter of no objection from EPU (“**EPU Letter**”) in respect of the transaction contemplated herein within one (1) month from the date of this Agreement (“**Conditional Period**”)
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3A.2 The Vendor shall at the written request of the Purchaser supply such information and/or relevant documents in relation to the Property as may be necessary for the purpose of obtaining and procuring the EPU Letter (including any documents to be duly completed and executed by the Vendor) and all such concurrences approvals assistance and co-operation, and/or do and perform all such other acts and things, as may reasonably be required from the Vendor to enable the Purchaser to procure and obtain the EPU Letter.

3A.3 If the EPU Letter cannot be procured and obtained by the Purchaser within the Conditional Period, any extension of time shall be subject to the Vendor’s sole and absolute discretion. In the event that the Vendor elects not to grant extension of time to the Purchaser, then this Agreement shall be terminated and the Vendor shall refund the Deposit to the Purchaser free of interest within fourteen (14) days from the date of termination of this Agreement by the Vendor. For the avoidance of doubt, the Vendor shall liaise with the Director General of Inland Revenue ("DGIR") in respect of the refund of the Retention Sum (as hereinafter defined) to the Vendor, and such refund of the Retention Sum shall not affect, delay, or be a condition precedent to the Vendor's obligation to refund the Deposit to the Purchaser in accordance with this Agreement.

3A.4 Subject to the receipt of the Vendor's documents as stated in Clause 3.1.2 of this Agreement, the Purchaser's Solicitors shall make an application for the EPU Letter within ten (10) days from the date of this Agreement

3A.5 This Agreement shall cease to be conditional upon the Purchaser's Solicitors receipt of the EPU Letter (hereinafter referred to as the "**Unconditional Date**").

3A.6 The Purchaser's Solicitors shall within **two (2) Business Days** provide a certified true copy of the EPU Letter to the Vendor's Solicitors upon receiving the same from EPU.

4. BREACH, RIGHTS TO TERMINATE AND REMEDIES

The following clauses are extracted and reproduced from Clause 14 of the SPA :

14.1 **BREACH**

In the event of any breach by any of the Parties towards any provisions of this Agreement including but not limited to the Warranties set out in Clause 12 of this Agreement, and/or in the event the Parties fails to complete the sale as set out herein, the other Party shall be entitled to the remedy at law as provided in this Clause 14 herein.

14.2 **VENDOR'S RIGHT TO TERMINATE**

If the Purchaser defaults in the satisfaction of the Purchase Price in accordance with the provisions of this Agreement or breach against Clause 12.4, the Vendor will be entitled to terminate this Agreement by notice in writing to the Purchaser if the Purchaser fails within fourteen (14) Days of receipt of a notice from the Vendor to remedy the breach or the matter.

14.3 **PURCHASER'S RIGHT TO TERMINATE**

The Purchaser will be entitled to, at any time after any such default arises, give notice to the Vendor to terminate this Agreement if –

i. the Vendor fails, neglects or refuses to complete the sale in accordance with the provisions of this Agreement; or

ii. the Vendor fails, neglects or refuses to perform or comply with any of its obligations under this Agreement,

and the Vendor fails within fourteen (14) Days of receipt of a notice from the Purchaser to remedy the breach or the matter.

14.4 **SUSPENSION OF TIME AND/OR TERMINATION IN THE EVENT OF INSOLVENCY**

Either party will be entitled, at any time prior to the Completion Date, or the Extended Completion Date, as the case may be, to give notice to the other party to:

i. suspension of time for payment of the Balance Purchase Price pursuant to Clause 18 of this Agreement for a period of thirty (30) Days from the date the Party receives a notice that the other party is or becomes, or is adjudicated or found to be, bankrupt (in the case of an individual) or wound up (in the case of a company) or insolvent or had any bankruptcy (in the case of an individual) or winding-up (in the case of a company, whether involuntary or voluntary) or insolvency proceedings commenced against him to rectify the status of Bankruptcy or Wound Up, or any other additional time for rectification as mutually agreed by the Parties; OR

ii. terminate this Agreement after the expiry of suspension of time of thirty (30) Days or as mutually agreed by the Parties in Clause 14.4(i), whereupon the provisions of Clause 14.5 or 14.6 (as the case may be) shall apply.

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