

ICONIC WORLDWIDE BERHAD ("ICONIC" or "the Company")

Related Party Transaction in respect of disposal of properties by Iconic Maison Sdn. Bhd. ("IMSB"), a wholly-owned subsidiary of ICONIC to Modern Rewards Sdn Bhd for RM9,400,000.00

1. INTRODUCTION

The Board of Directors of ICONIC wishes to announce that Iconic Maison Sdn Bhd ("IMSB" or "Vendor"), a wholly-owned subsidiary of the Company, has on 29 September 2022 entered into Sale and Purchase Agreements ("Agreement") with Modern Rewards Sdn Bhd ("MRSB" or "Purchaser") for the disposal of the following completed parcels of properties to MRSB for a total cash consideration of RM9,400,000.00 ("Disposal Consideration") ("Disposal"):

<u>Description</u>	<u>Amount (RM)</u>
Unit 1 – All that plot known as Type C, Iconic Point measuring approximately 368 square metres together with a 2-Storey Detached Commercial Unit with Drive Through erected thereon now bearing assessment address No. 6, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang measuring approximately 497 square metres	2,500,000.00
Unit 2 – All that plot known as Plot No. 2, Iconic Point measuring approximately 234 square metres together with a 3-Storey Semi-Detached Shop Office now bearing assessment address No. 3, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang erected thereon	2,300,000.00
Unit 3 - All that plot known as Plot No. 29, Iconic Point measuring approximately 251 square metres together with a 3-Storey Semi-Detached Shop Office now bearing assessment address No. 103, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang erected thereon	2,300,000.00
Unit 4 - All that plot known as Plot No. 30, Iconic Point measuring approximately 234 square metres together with a 3-Storey Semi-Detached Shop Office now bearing assessment address No. 101, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang erected thereon	2,300,000.00
Total:	<u>9,400,000.00</u>

Unit 1, Unit 2, Unit 3 and Unit 4 shall collectively be referred to as the "Sale Units" and each shall be referred to as the "Sale Unit".

2. DETAILS OF DISPOSAL

2.1 Information on the Sale Units

The Sale Units are located in Iconic Point, a commercial development project erected on Parent Lot No PT 1011 held under Title no. H.S.(M) 2989 (formerly known as Lot no 458 held under Title no. Hakmilik Geran Mukim 85), Mukim 14, District of Seberang Perai Selatan, Pulau Pinang.

General Announcement
Reference No. GA29092022-00076

The Sale Units are free from encumbrances and with vacant possession but subject to all conditions express or implied and restrictions in interest including those which may be imposed on the separate issue document of Strata Title to the Sale Unit.

2.2 Information on the Vendor

Iconic Maison Sdn Bhd ("IMSB") [Registration no. 198901007255 (184558-V)] was incorporated in Malaysia under the Companies Act 1965 on 21 July 1989 under the name, Sanbumi Sawmill Sdn Bhd as a private limited company and is a wholly-owned subsidiary of ICONIC. It changed its name to Iconic Maison Sdn Bhd on 19 April 2019. It is principally involved in property development. The share capital is RM16,000,000 comprising 16,000,000 ordinary shares. The Directors of IMSB are Dato' Seri Tan Kean Tet, Tan Seok Ying and Tan Cho Chia.

2.3 Information on the Purchaser

Modern Rewards Sdn Bhd ("MRSB") [Registration No. 200501007576 (684623-U)] was incorporated under the Companies Act 1965 on 16 March 2005 as a private limited company. MRSB is principally involved in property investment holdings. The Directors of MRSB are Dato' Seri Tan Kean Tet and Tan Seok Ying. The share capital of MRSB is RM8,694,200 comprising 560,000 ordinary shares.

The shareholders of MRSB and their respective shareholdings are set out below:

Shareholders	No. of ordinary shares held	%
Dato' Seri Tan Kean Tet	260,000	46.0
Tan Seok Ying	100,000	18.0
Tan Cho Chia	100,000	18.0
Tan Cho Chuan	100,000	18.0
Total	560,000	100.0

3. BASIS OF AND JUSTIFICATION FOR DISPOSAL CONSIDERATION

The Disposal Consideration was derived based published selling price and all material terms are applied consistently to all customers of IMSB and also taking into consideration the valuation of the Sale Units as ascribed by Henry Butcher Malaysia (Penang) Sdn Bhd. ("Henry Butcher"). Henry Butcher has applied:-

- (i) the Comparison Approach of Valuation to assess Unit 2, Unit 3 and Unit 4.
- (ii) the Cost Approach to assess Unit 1. The Cost Approach is based on an estimate of current market value of individual land which is arrived by the Comparison Approach for its existing use plus the current gross replacement (or reproduction) cost of improvements less allowance for physical deterioration and all relevant forms of obsolesces and optimization. Valuation using the Cost Method is made on the assumption that the entity will continue in operational existence for the foreseeable future and is subject to adequate potential profitability of the enterprise.

4. SALIENT TERMS OF THE AGREEMENT

The Disposal Consideration shall be satisfied in the following manner:-

- (i) Upon execution of the Agreement, 10% deposit shall be paid to the Vendor as part payment towards the Disposal Consideration of the Sale Units; and
- (ii) The balance of the Disposal Consideration shall be paid to the Vendor within three (3) months from the date of the Agreement with an automatic extension period of one (1) month subject to the Purchaser paying to the Vendor interest calculated at 10% per annum.

5. RATIONALE AND BENEFITS OF THE DISPOSAL

IMSB's principal business is property development and the disposal of the Sale Units are in the ordinary course of business of ICONIC Group and brings revenue and positive cash flow to ICONIC Group.

6. UTILISATION OF PROCEEDS

The proceeds from the Disposal of the Sale Units will provide ICONIC Group with cash inflow for working capital purposes as well as opportunity to reduce the gearing ratio of ICONIC Group and finance costs arising from bank borrowings.

There is no specific timeframe for the utilisation of the sale proceeds as the proceeds are for working capital purposes.

7. LIABILITIES IN RELATION TO THE DISPOSAL

There are no liabilities, including contingent liabilities which will remain with ICONIC Group in relation to the Disposal.

8. RISK OF THE DISPOSAL

The Disposal of the Sale Units are in the ordinary course of business of IMSB. Generally, IMSB is exposed to the business and operation risks inherent in the construction and property development industry.

9. EFFECTS OF THE DISPOSAL

9.1 Share Capital and Shareholdings of the Substantial Shareholders

The Disposal does not have any effect on the share capital and substantial shareholders' direct and/or indirect shareholding in ICONIC for the financial year ending 31 March 2023.

9.2 Net Assets ("NA") Per Share and Gearing

The Disposal is not expected to have any material effect on the net assets per share and gearing of ICONIC.

9.3 Earnings and Earnings Per Share (“EPS”)

The Disposal is expected to contribute positively on the Earnings and EPS for the financial year ending 31 March 2023.

10. APPROVAL REQUIRED

The Disposal is not subject to the approval of the shareholders of ICONIC and any relevant authority.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Disposal is expected to be completed by January 2023

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable in the RPT pursuant to Paragraph 10.02(g) of Chapter 10 of the Main Market Listing Requirements is 4.68%.

13. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposals, save for the following:

- (i) Dato’ Seri Tan Kean Tet, the Managing Director and a major shareholder of ICONIC, is also a director of Modern Rewards. He is the father of Tan Seok Ying and Tan Cho Chia. He is the father-in-law of Jason Chung Wei Chiun;
- (ii) Tan Cho Chia, Executive Director of ICONIC. He is the son of Dato’ Seri Tan Kean Tet and brother of Tan Seok Ying;
- (iii) Tan Seok Ying, Executive Director of ICONIC, is also a director of Modern Rewards. She is the daughter of Dato’ Seri Tan Kean Tet, spouse of Jason Chung Wei Chiun and sister of Tan Cho Chia;
- (iv) Jason Chung Wei Chiun, Executive Director of ICONIC is the spouse of Tan Seok Ying and son-in-law of Dato’ Seri Tan Kean Tet;
- (v) Modern Rewards, being a major shareholder of ICONIC; and
- (vi) Tan Cho Chuan, son of Dato’ Seri Tan Kean Tet and is siblings of Tan Seok Ying and Tan Cho Chia.

14. TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PAST 12 MONTHS

Save for the Multiple Proposals announced on 19 September 2022 and the recurrent related party transactions disclosed by ICONIC to Bursa Securities, there were no transactions entered into between ICONIC Group and/or the Interested Directors and/or Interested Major Shareholders as well as persons connected to them for the preceding 12 months.

15. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee, after having considered all relevant aspects of the Disposal (including but not limited to the salient terms of the Agreement, basis and justification arriving at the Disposal Consideration, rationale and financial effects of the Disposal) is of the opinion that the Disposal is in the best interest of ICONIC Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the non-interested shareholders.

16. DIRECTORS' RECOMMENDATION

The Board of ICONIC, except for Dato' Seri Tan Kean Tet, Tan Cho Chia, Tan Seok Ying and Jason Chung Wei Chiun, having considered all aspects of the Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Group.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement dated 29 September 2022 is available for inspection at ICONIC's Registered Office at No. 1-2, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang following the date of the announcement for a period of three (3) months from Monday to Friday (except public holidays) during normal business hours.

This announcement is dated 29 September 2022.