

Dominant Enterprise Berhad
Announcement on Acquisition of Land by wholly-owned subsidiary, Ecopanel Industries Sdn. Bhd.

Introduction

The Board of Directors of Dominant Enterprise Berhad ("DOMINAN") wishes to announce that its wholly-owned subsidiary, Ecopanel Industries Sdn. Bhd. (Company No. 682446-X) ("ECOPANEL and/or the Purchaser") has entered into a Sale and Purchase Agreement ("SPA") for the acquisition of all that piece of agriculture land held under Geran 20713 Lot 9327 in the Mukim of Kajang, District of Ulu Langat, Selangor measuring approximately 449,052.2 square feet ("the Property") from Mr. Tan Cho Chin (NRIC No. 560602-10-5551) of No. 3, Jalan Prai 14, Off Jalan Meru, 41050 Klang, Selangor ("the Vendor") at purchase consideration of RM10,328,200.60 (Ringgit Malaysia : Ten Million Three Hundred Twenty Eight Thousand Two Hundred and Cent Sixty Only) ("Purchase Price")("Acquisition")

Details of the Acquisition

1. Information on ECOPANEL

ECOPANEL is a private company limited by shares incorporated in Malaysia under the Companies Act, 1965 on 25 February 2005 having its registered office at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor and is a wholly-owned subsidiary of DOMINAN. It's principal activity is Manufacture of laminated wood panel products.

2. Information on the Property

The Acquisition involves all that piece of agriculture land which currently planted with Oil Palm Trees, held under Geran 20713 Lot 9327 in the Mukim of Kajang, District of Ulu Langat, Selangor measuring approximately 449,052.2 square feet of which Mr. Tan Cho Chin (NRIC No. 560602-10-5551) of No. 3, Jalan Prai 14, Off Jalan Meru, 41050 Klang, Selangor is currently the registered and beneficial owner of the Property ("the Vendor").

3. Purchase Price and Mode of Satisfaction

The Purchase Price of RM10,328,200.60 was arrived after making comparisons with the market value of the properties surrounding the Property done by the Vendor. No valuation has been carried out.

The Purchase Price is to be satisfied by cash which consisted of internal generated fund and bank borrowings.

A sum of RM1,032,820.06 being 10% deposit of the Purchase Price be paid to the Vendor's Solicitors upon execution of the SPA. The balance of the Purchase Price of RM9,295,380.54 ("Balance Purchase Price") is to be paid by the Purchaser to the Vendor's Solicitors within 3 months from the date of the SPA ("Completion Date").

If the Purchaser is unable to pay the Balance Purchase Price by the Completion Date, the Vendor agree to automatically grant to the Purchaser an extension of 1 month from the Completion Date. The Purchaser has to pay the Vendor interest of 8% per annum on the Balance Purchase Price / the amount still due to the Vendor, as the case may be, calculated on a daily basis from the expiry of the Completion Date to the date of actual payment.

4. Financial Effects of the Acquisition

4.1 Share Capital and substantial shareholders' shareholdings

The Acquisition will not have any effect on the share capital and substantial shareholders' shareholdings of DOMINAN as the Acquisition does not involve any issuance of shares of DOMINAN.

4.2 Net assets and Net assets per share

The Acquisition is not expected to have any material impact on the Net assets and Net assets per share of DOMINAN Group for the financial year ending 31 March 2013.

4.3 Earnings and Earnings per share

The Acquisition is not expected to have any material impact on the Earnings and Earnings per share of DOMINAN Group for the financial year ending 31 March 2013.

4.4 Gearing

The Gearing of DOMINAN Group is expected to increase by approximately 3% to 4% arising from the Acquisition.

5. Approval Required

Pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Acquisition is not subject to the approval of the shareholders of DOMINAN as it falls below the 25% of the percentage ratios and no approval from any government authority is required.

6. Interest of Directors, Major Shareholders and/or Persons connected to them

None of the directors, major shareholders of DOMINAN and/or persons connected to them has any interest, direct or indirect in the Acquisition.

7. Rationale for the Acquisition

The acquisition will enable the DOMINAN Group to consolidate all the Central Peninsular Malaysia operations into a single location, thereby generate savings in terms of operational cost and operational efficiency.

8. Liabilities, including contingent liabilities and guarantees to be assumed by DOMINAN, arising from the Acquisition

There will be a Corporate Guarantee of around RM6,180,000.00 by DOMINAN on the Bank Borrowings granted to ECOPANEL to finance the Acquisition.

9. Salient features of the SPA

The Vendor has agreed to sell and the Purchaser has agreed to purchase the property free from all charges, liens and encumbrances subject to the terms and conditions stipulated in the SPA. The Salient terms of the SPA are as follows :

i. In the event the Vendor refuse or neglects to complete the Sale and Purchase in accordance with provisions of the SPA (without lawful delay or default on the part of the Purchaser), the Purchaser shall be entitled to seek the remedy of specific performance in which event all cost and expenses incurred by the Purchaser in connection therewith shall be borne and paid by the Vendor (on a client solicitors cost basis)

ii. Special Conditions : Nomination by Purchaser

The parties agree that the Purchaser shall be entitled to nominate its related company or its holding company to be the transferee of the Property provided that the said party has legal capacity under the law to do so and any costs and expenses whatsoever including but not limited to the stamp duty and registration fees related to the transfer of the Property to such nominee shall be fully borne by the Purchaser and the Purchaser shall be responsible to file the necessary changes to comply with the Real Property Gain Tax Act 1976 and shall indemnify the Vendor against any loss and damage for any breach thereof.

10. The date on which the terms of the Acquisition were agreed upon

The terms of the Acquisition were agreed on 7 March 2013

11. Directors' recommendation

The Board, having considered all aspects of the Acquisition, is of the opinion that the Acquisition is in the best interest of the DOMINAN Group.

12. Risk factors of the assets or interest to be acquired

DOMINAN does not foresee any material risks arising from the Acquisition.

13. The estimated time frame to complete the Acquisition

Barring any unforeseen circumstances, the Acquisition is expected to be completed by 30 June 2013.

14. Highest percentage ratio applicable

The highest percentage ratio applicable to the Acquisition is 8.98% pursuant to Para 10.02(g) of the Main Market Listing Requirements based on the Audited Financial Statements for the year ended 31 March 2012.

15. Documents for inspection

A copy of the SPA is available for inspection during normal business hours from Monday to Friday (except public holidays) at the DOMINAN's registered office address at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor for a period of three (3) months from the date of this announcement.