

**ARB BERHAD (FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD) (“ARB” OR THE “COMPANY”)**

**BUSINESS CONTRACT BETWEEN ARBIOT SDN. BHD. (“ARBIOT”) AND IJ VENTURES SDN. BHD. (“IJV”) FOR ARBIOT TO CARRY OUT THE INTERNET OF THINGS (“IoT”) SYSTEMS, ENGINEERING, PROCUREMENT, COMMISSIONING AND MANAGEMENT FOR A PROPOSED RESIDENTIAL DEVELOPMENT (“IoT SEPCM PROJECT”) (“BUSINESS CONTRACT”)**

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**1. INTRODUCTION**

The Board of Directors of ARB (“**Board**”) wishes to announce that ARBIOT, an indirect wholly-owned subsidiary of the Company, had on 29 May 2019, entered into a Business Contract with IJV for ARBIOT to carry out the IoT SEPCM Project for a proposed residential development comprising 130 units of single storey terrace houses to be developed into an IoT technology lifestyle residential development project on lands held under HSD 220700 to 220869, PT 184265 to 184364 and HSD 220871 to 220900, PT 184365 to 184394 at Mukim Belanja, District of Kinta, State of Perak measuring approximately 16.43 square metres in area (“**Development Land**”) (“**Development Project**”).

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

**2. DETAILS OF THE BUSINESS CONTRACT**

Pursuant to the Business Contract entered into by ARBIOT and IJV dated 29 May 2019, ARBIOT shall carry out the IoT SEPCM Project on the Development Land to promote the concept of smart home system residential houses which adopts the IoT technology lifestyle residential development.

**3. INFORMATION OF THE BUSINESS CONTRACT PARTIES**

**3.1 Information on ARBIOT**

ARBIOT was incorporated in Malaysia on 26 March 2019 as a private company limited by shares under the Companies Act, 2016. ARBIOT is principally involved in the provision of the IoT, internet and multimedia development, consultancy services, project management, information control commission and installation, re-energy solution, marketing consultants and other related business and/or services. ARBIOT is the wholly-owned subsidiary of ARB Development Sdn Bhd, which in turn is the indirect wholly-owned subsidiary of the Company.

As at 28 May 2019, being the latest practicable date prior to this announcement (“**LPD**”), the issued share capital of ARBIOT is RM1,000,000 comprising of 1,000,000 ordinary shares of ARBIOT.

As at the LPD, the directors of ARBIOT are Dato’ Liew Kok Leong and Au Yee Boon.

### **3.2 Information on IJV**

IJV was incorporated in Malaysia on 17 March 2014 as a private company limited by shares under the Companies Act, 1965. IJV is principally involved in construction works and building contractor.

As at the LPD, the issued share capital of IJV is RM500,000 comprising of 500,000 ordinary shares of IJV.

The directors of IJV and their respective shareholdings are set out below:-

<b>Directors</b>	<b>No. of shares of IJV</b>	<b>%</b>
Chin Kok Hoong	250,000	50
Lee Jing Yng	250,000	50

IJV is the registered beneficial proprietor of the Development Land.

## **4. SALIENT TERMS OF THE BUSINESS CONTRACT**

The salient terms of the Business Contract are as set out below:

### **4.1 Business Contract**

In consideration of IJV agrees to do all acts, things and deed necessary as the beneficial proprietor of the Development Land in order to facilitate the Development Project on the Development Land into IoT technology lifestyle residential development project by ARBIOT, ARBIOT and IJV agreed to enter into the Business Contract for ARBIOT to carry out the IoT SEPCM Project of which the details of obligations of ARBIOT are set out in Section 4.2 of this announcement, on the Development Land subject to the terms and conditions of the Business Contract.

### **4.2 Obligations of ARBIOT**

ARBIOT shall be responsible for the following:

- (i) to act as the sole project consultant to handle all resources, scope, time, cost, risk, communication, procurement, contracts, quality etc, whereby ARBIOT to outsource the construction works and related jobs to third party with consent from IJV and to manage the integration of the whole system into the IoT SEPCM Project, including engineering works of IoT, ensuring the suitability of the procurement of development material, commissioning of installation of IoT system and devices, in order for the IoT SEPCM Project to meet the various standard and specification to develop and complete the IoT SEPCM Project, in a well-developed framework; and
- (ii) to design, execute all pre-commissioning and commissioning activities and testing of IoT systems, including installation of wire and wireless and mechatronic works required.

#### **4.3 Obligations of IJV**

IJV shall be responsible for the following:

- (i) obtain the requisite approvals from the appropriate authorities prior to the commencement of works in relation to the Development Project on the Development Land; and
- (ii) punctually pay ARBIOT, all the expenses in relation to the implementation of the IoT SEPCM Project until completion subject to IJV receipt certificate by the architect and/or consultant and/or engineer and any other related professional parties involved in the IoT SEPCM Project that the stages of the completion of work done for the IoT SEPCM Project.

#### **4.4 Contract Sum**

The contract value of the IOT SEPCM Project amounting to RM18 million payable by IJV to ARBIOT upon completion of each work stages of IoT SEPCM Project during one (1) year period of the Development Project as agreed upon in accordance to the payment schedule in the Business Contract.

For the purpose of the Business Contract, the contract sum of RM18 million was awarded to ARBIOT on the terms that ARBIOT to undertake the whole IoT system, engineering, procurement, commissioning and management of the Development Project, not solely limited to IoT works as described under Section 4.2(ii) of this announcement. Approximately 35% of the contract value of RM18 million is inclusive of works related to commissioning of IoT systems under Section 4.2(ii) of this announcement and the remaining 65% of the contract value will be for works described under Section 4.2(i) of this announcement.

#### **4.5 Commencement of the Development Project**

PROVIDED THAT IJV shall have obtained the requisite approvals from the appropriate authorities and vacant possession of the Development Land shall have been delivered to ARBIOT, ARBIOT shall commence works in relation to the IoT SEPCM Project on the Development Land within one (1) month from the receipt by IJV of the requisite approvals for the Development Project from the appropriate authorities and the delivery of vacant possession of the Development Land by IJV, whichever shall be the latest as may be expedient in such phases or stages as ARBIOT shall deem fit and proper (“**Commencement Date**”). ARBIOT shall remain upon the Development Land until completion of the IoT SEPCM Project. In the event that IJV lawfully terminated the Business Contract in accordance with the Business Contract, ARBIOT shall vacate the Development Land.

#### **4.6 Completion of the IoT SEPCM Project**

ARBIOT shall complete the works in relation to the IoT SEPCM Project over a period of one (1) year from the Commencement Date. The IoT SEPCM Project shall be deemed completed if the units in the IoT SEPCM Project are duly completed with all necessary infrastructures duly constructed with water and electricity supply together with installations of all systems and devices for smart home system with the issuance of certificate of completion and compliance for each unit.

#### 4.7 Termination of the Business Contract by IJV

If ARBIOT:

- (i) does any act or omission which for all intents and purposes be deemed to have completely abandoned the IoT SEPCM Project; or
- (ii) fails to complete the IoT SEPCM Project within the time frame or any extension of time for completion in accordance to the Business Contract; or
- (iii) persistently or deliberately breaches or neglects to comply with or carry out any material obligations under the Business Contract,

IJV shall be at liberty after giving 60 days' notice to ARBIOT to terminate the Business Contract and any licenses granted shall upon expiration of the notice deemed to be terminated and IJV shall then possess full power and liberty to appoint such other person(s) as IJV deem fit and proper to carry out the completion of the IoT SEPCM Project. In such an event ARBIOT shall be entitled to the development works carried out and completed as at the date of termination as determined by an independent third party to be appointed.

#### 4.8 Breach of contract

If IJV shall be in breach of the Business Contract, ARBIOT shall be entitled to the remedy of specific performance against IJV or at its option to terminate the Business Contract, IJV shall forthwith refund to ARBIOT all outstanding expenditure incurred in respect of the IoT SEPCM Project.

### 5. Details of the Development Project and Development Land

The details of the Development Project and Development Land, are as follows:-

Type of development	:	A proposed residential development comprising 130 units of single storey terrace houses to be developed into an IoT technology lifestyle residential development project
Title No.	:	HSD 220700 to 220869, PT 184265 to 184364 and HSD 220871 to 220900, PT 184365 to 184394
Land size	:	16.43 square metres
Relevant approvals	:	The development order for the Development Project, building plan, roadworks and drainage had been submitted to Majlis Daerah Batu Gajah on 25 April 2019.
Estimated GDV (RM)	:	Approximately RM31.1 million
Estimated GDC (RM) (excluding land cost)	:	Approximately RM15.4 million
Expected commencement date of the development	:	Expected commencement date is yet to be ascertained at this juncture.

Expected completion date of the development	:	Expected completion date is one (1) year from the commencement date of the development
Source of funding	:	To be funded by collection of stages of works payment from IJV throughout one (1) year of development period in accordance to the Business Contract

**6. RATIONALE AND PROSPECTS OF THE BUSINESS CONTRACT**

The Business Contract will serve as a platform for ARBIOT to provide IOT SEPCM services to IJV, to manage the entire Development Project, which promote the concept of smart home system residential houses. The Business Contract between ARBIOT and IJV is expected to augur well for both parties.

**7. FINANCIAL EFFECTS**

The Board is of the view that, the Business Contract will not have any material effect on the issued share capital and substantial shareholders' shareholdings of the Company as there is no issuance of new ordinary shares in the Company.

The Business Contract is expected to contribute positively to the Company's future earnings, earnings per share and enhance the consolidated net assets of the Company.

**8. RISK FACTORS**

The Board is not aware of any risk factors arising from the Business Contract other than the non-performance of the obligations of the parties in the Business Contract.

**9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED TO THEM**

None of the directors, major shareholder and/or persons connected to them has any interest, direct or indirect in the Business Contract.

**10. APPROVALS REQUIRED**

The Business Contract is not subject to and conditional upon approvals from the shareholders of the Company and/or any other relevant authorities.

**11. DIRECTORS' STATEMENT**

The Board, having considered all relevant aspects of the Business Contract, is of the opinion that the Business Contract is in the best interest of the Company.

**12. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Business Contract is available for inspection at the registered office of the Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 29 May 2019.