

Ralco Corporation Berhad

Subject : TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)  
NON RELATED PARTY TRANSACTIONS  
Description : SHAREHOLDERS' AGREEMENT BETWEEN RALCO CORPORATION BERHAD AND  
RESPACK MANUFACTURING SDN. BHD.

## **1. Introduction**

The Board of Directors of Ralco Corporation Berhad ("Ralco" or "the Company") wishes to announce that the Company has on 3 November 2017 entered into a Shareholders' Agreement ("Agreement") with Respack Manufacturing Sdn. Bhd. ("RMSB"), under which Ralco Respack Polybag Sdn. Bhd. ("RRPSB"), a wholly-owned subsidiary of the Company, will collaborate with RMSB in the manufacturing, packaging, marketing and selling of polythene film, polythene bag, garbage bag and builder film ("Proposed Joint Venture").

## **2. Information on RRPSB and RMSB**

### **a. RRPSB**

RRPSB is a private limited liability company, incorporated on 20 May 2016 in Malaysia. The principal business of RRPSB is manufacturing of and trading in plastic and polyethylene packing materials and all related products.

As of the date of this announcement, the issued share capital of RRPSB is RM100.00 represented by 100 ordinary shares.

Ralco had acquired the whole of the issued share capital of RRPSB at RM100.00 on 19 August 2016.

### **b. RMSB**

RMSB is a private limited liability company incorporated in Malaysia. The principal business of RMSB is manufacturer of plastic bags and film.

As of the date of this announcement, the issued share capital of RMSB is RM2,500,000.00 represented by 2,500,000 ordinary shares.

## **3. Salient Terms of the Agreement**

3.1 The Agreement shall come into force and effect on 3 November 2017.

### 3.2 Equity Structure

#### (a) Transfer of Shares

Ralco shall transfer/sell 40 ordinary shares in RRPSB at a consideration of RM40.00 to RMSB ("Transfer of Shares") and thereafter, the shareholdings of RRPSB shall be held by the respective parties in the respective proportions as set out below :-

Shareholders	Paid Up Shares Capital	Consideration (RM)	Percentage (%)
Ralco	60	60	60
RMSB	40	40	40
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

#### (b) Increase of RRPSB's Issued and Paid up Capital after the transfer of shares

The Shareholders shall increase the Issued and Paid up Capital in RRPSB from RM100.00 to RM1,500,000.00 with the additional new issue of 1,499,900 ordinary shares . The capital injection shall be based on the abovesaid shareholding ratio and to be completed within 60 days from the date of execution of the agreement. Upon completion, the respective shareholdings shall be as follows:-

Shareholders	Paid Up Shares Capital	Consideration (RM)	Percentage (%)
Ralco	900,000	900,000	60
RMSB	600,000	600,000	40
<b>Total</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>100</b>

### 4. Source of Funding

The subscription for the additional 899,940 ordinary shares at issue price of RM1.00 per ordinary share in RRPSB by Ralco will be financed through internally generated funds.

### 5. Rationale and Prospect for the Proposed Joint Venture

The Proposed Joint Venture will enable Ralco Group to diversify into related areas, improve its market segment and expand its existing customer base.

### 6. Risk Factors

Ralco does not foresee any exceptional risk other than normal operational risks associated with "joint ventures". Ralco will take the necessary steps to mitigate any risks as and when it occurs.

### 7. Liabilities to be assumed

There are no liabilities to be assumed by RMSB arising from the Proposed Joint Venture.

#### **8. Financial effects of the Proposed Joint Venture**

The Proposed Joint Venture will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as it will be fully satisfied in cash.

In addition, the Proposed Joint Venture is not expected to have a material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ending 31 December 2017. Barring unforeseen circumstances, the Proposed Joint Venture is expected to contribute positively to the Group's earnings and net assets in the future.

#### **9. Approvals required**

The Proposed Joint Venture is not subject to the approval of the shareholders of the Company or other relevant authorities.

#### **10. Interest of Directors and Major Shareholders and/or Persons Connected**

None of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Joint Venture.

#### **11. Estimated Timeframe For Completion**

Barring any unforeseen circumstances and subject to the fulfilment of all the conditions as set out in the Agreement, the Proposed Joint Venture is expected to complete within one year from the date of execution of the Agreement.

#### **12. Directors' Statement**

The Board of Ralco, after taking into consideration of all financial and other factors, is of the opinion that the Proposed Joint Venture is in the best interest of the Company.

#### **13. Percentage Ratio**

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.48%, based on the latest audited consolidated financial statements of Ralco for the financial year ended 31 December 2016.

#### **14. Documents For Inspection**

The Agreement is available for inspection at the registered office of the Company at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during the normal working hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 3 November 2017.