FACB INDUSTRIES INCORPORATED BERHAD ("FACB" OR THE "COMPANY")

I. PROPOSED DISPOSAL BY KANZEN KAGU SDN BHD ("KKSB"), A WHOLLY-OWNED SUBSIDIARY COMPANY OF FACB, OF A PARCEL OF LEASEHOLD INDUSTRIAL LAND ERECTED UPON WITH TWO (2) DETACHED FACTORIES AND OTHER SUPPORTING STRUCTURES, MEASURING 81,520.56 SQUARE METRES HELD UNDER H.S.(D) 132498/ LOT PT 64, SECTION 23, CITY OF SHAH ALAM, DISTRICT OF PETALING, SELANGOR DARUL EHSAN, TO ABSOLUTE DEAL SDN BHD ("ADSB") FOR A TOTAL CASH CONSIDERATION OF RM97.00 MILLION ("PROPOSED DISPOSAL OF PROPERTY"); AND

II. PROPOSED DISPOSAL BY FACB OF 10,000,000 ORDINARY SHARES OF RM1.00 EACH, REPRESENTING 100% EQUITY INTEREST IN KANZEN TETSU SDN BHD ("KTSB") TO KENTZU STEEL SDN BHD ("KENTZU STEEL") FOR A TOTAL CASH CONSIDERATION OF RM34.50 MILLION ("PROPOSED DISPOSAL OF KTSB")

(COLLECTIVELY REFERRED TO AS THE "PROPOSED DISPOSALS")

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1. INTRODUCTION

On behalf of the Board of Directors of FACB ("Board"), OSK Investment Bank Berhad ("OSK") is pleased to announce the following:-

i. KKSB, a wholly-owned subsidiary company of FACB, had on 12 December 2012 entered into a conditional sale and purchase agreement ("SPA") with ADSB for the proposed disposal by KKSB of a parcel of leasehold industrial land erected upon with two (2) detached factories and other supporting structures, measuring 81,520.56 square metres held under H.S.(D) 132498/ Lot PT 64, Section 23, City of Shah Alam, District of Petaling, Selangor Darul Ehsan (collectively referred to as the "Property") to ADSB for a total cash consideration of RM97.00 million ("Proposed Disposal of Property"); and

ii. FACB had on 12 December 2012 entered into a conditional share sale agreement ("SSA") with Kentzu Steel for the proposed disposal by FACB of 10,000,000 ordinary shares of RM1.00 each, representing 100% equity interest in KTSB ("Sale Shares") to Kentzu Steel for a total cash consideration of RM34.50 million ("Proposed Disposal of KTSB")

(Collectively referred to as the "Proposed Disposals")

Further details on the Proposed Disposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED DISPOSALS

2.1 Proposed Disposal of Property

KKSB, a wholly-owned subsidiary company of FACB, has agreed to sell and ADSB has agreed to purchase the Property on an "as is where is" basis free from all encumbrances and caveats and with vacant possession (subject to clause 9.2 of the SPA therein), subject to all conditions of title (express or implied), restrictions in interest (if any) and upon the terms and conditions contained in the SPA for the total cash consideration of RM97.00 million based upon the terms and conditions contained in the SPA.

2.1.1 Information on the Property

The Property is a parcel of leasehold industrial land erected upon with two (2) single storey detached factories and other supporting structures. The Property is a corner lot with dual frontage onto the southern and easern sides of Persiaran Perusahaan and Persiaran Budiman respectively. It lies within the industrial area of Section 23 in the City of Shah Alam at about 4.5 kilometres south-east of the City Centre of Shah Alam.

One (1) of the single storey detached factories with the annexed structures with a gross area of approximately of 219,350 square feet ("Factory A") is presently tenanted to KTSB for a monthly rental of RM0.15 million for its operations of the manufacturing of stainless steel welded pipes and butt-weld fittings. KTSB's operations will be relocated to a new location upon completion of the Proposed Disposals. The other single storey detached factory with a gross area of approximately of 230,800 square feet ("Factory B") is currently vacant.

Further details of the Property are summarised in the table below:-

Postal address	:	Lot No. 4, Persiaran Perusahaan, Section 23, 40708 Shah Alam, Selangor Darul Ehsan
Identification	:	H.S.(D) 132498, Lot No. PT 64, Seksyen 23, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan
Aggregate land area	:	81,520.56 square metres (approximately 20.14 acres)
Aggregate gross floor area	:	Factory A: 219,350 square feet Factory B: 230,800 square feet Total: 450,150 square feet
Approximate age of buildings	:	Factory A: 22 years Factory B: 21 years
Category of land use	:	Industrial
Existing use	:	Factory A: Manufacturing factory for stainless steel welded pipes and butt-weld fittings Factory B: Vacant
Express condition	:	Industrial
Restriction-in-interest	:	*Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri*
Tenure	:	Leasehold with remaining lease of 86 years expiring on 30 May 2098
Registered owner	:	KKSB
Encumbrances	:	Nil [*1]
Other endorsements	:	Nil

Date of investment/ cost of investment	:	**Date of investment**	**Cost of investment RM'000**
		January 1989 to June 1991	21,713
		September 1991 to June 1992	9,529
		July 1992 to June 1993	521
		July 1993 to June 1999	640
		September 1999 to June 2000	513
		July 2003 to June 2007	785
		July 2009 to June 2010	149
		Total	**33,850**

Valuation method	:	Cost method and comparison approach
Market value[*2]	:	RM88.00 million
Net book value ("NBV")[*3]	:	RM35.47 million

Notes:-

*1 *Subsequent to CB Richard Ellis (Malaysia) Sdn Bhd ("CBRE")'s date of valuation of 18 October 2012, ADSB had on 16 November 2012 lodged a private caveat over the Property vide presentation no. 66999/ 2012*

*2 *Based on the valuation performed by CBRE, a firm of independent registered valuer, as at 18 October 2012*

*3 *Based on the latest audited consolidated financial statements of FACB as at 30 June 2012*

2.1.2 Basis and justification of arriving at the disposal consideration

The disposal consideration of RM97.00 million was arrived at on a willing-buyer willing-seller basis, after taking into consideration the market value of the Property of RM88.00 million using the cost method and comparison approach of valuation as carried out by CBRE based on the valuation report dated 4 December 2012.

The disposal consideration of RM97.00 million represents a premium of RM9.00 million or 10.23% to the abovementioned market value of the Property.

2.1.3 Terms of Settlement

The disposal consideration of RM97.00 million shall be satisfied in the manner set out below:-

Terms of Settlement	Timing	RM'000
Deposit comprising of:-		
(i) Earnest deposit	Paid on 10 October 2012	1,940
(ii) Remaining balance of the deposit	Upon execution of the SPA	7,760
Balance of disposal consideration	Not later than the last day of a period of three (3) months from the date on which the last of the conditions precedent is fulfilled ("Completion Period") or the last day of a period of four (4) months calculated from the next day following the expiry of the Completion Period or such other extended period as may be agreed by the Vendor in writing ("Extended Completion Period")	87,300
Total		**97,000**

2.1.4 Information on ADSB

ADSB was incorporated in Malaysia on 12 January 2010 under the Companies Act, 1965 ("Act") as a private limited company under its present name. The principal activity of ADSB is property investment.

As at 7 December 2012, the authorised share capital of ADSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM500,000 comprising 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

2.1.5 Liabilities to be assumed by ADSB

There are no liabilities to be assumed by ADSB pursuant to the Proposed Disposal of Property.

2.1.6 Expected gains arising from the Proposed Disposal of Property

The Proposed Disposal of Property is expected to result in an estimated gross gain of approximately RM62.67 million to FACB and its subsidiaries ("FACB Group" or "Group") based on the NBV of the Property of RM35.47 million as at 30 June 2012 and the reversal of the related deferred tax liabilities of RM1.14 million, excluding incidental costs to be incurred in relation to the Proposed Disposal of Property.

2.1.7 Salient terms of the SPA

The salient terms of the SPA are as follows:-

(a) The SPA is conditional upon the fulfillment of the following conditions precedent ("Conditions Precedent") by the expiration of a period of nine (9) months from the date of the SPA ("Condition Period") or such extended period mutually agreed between KKSB and ADSB ("Extended Condition Period"):

i. the approval of the shareholders of FACB in an extraordinary general meeting for the Proposed Disposal of Property;

ii. the approval of the state authority for the sale and transfer of the Property to ADSB and for the charge of the Property by ADSB to its financier; and

iii. the approval and/ or consents from any other regulatory authorities, where required.

(b) In the event that:-

i. ADSB fails to pay the balance of disposal consideration; or

ii. fails to observe or perform or otherwise be in breach of the SPA or the warranties and representations; or

iii. the instrument of transfer in respect of the Property cannot be registered for any reason whatsoever due to ADSB's default, willful neglect, omission or blameworthy conduct,

and such failure or breach of reason for non-registration is not remedied by ADSB within 14 days after KKSB or KKSB's solicitors have given written notice to ADSB to remedy and provided that KKSB is not in breach of any of the provisions of SPA, KKSB will be entitled, at the cost and expense of ADSB, and at KKSB's sole discretion to terminate the SPA at any time by giving a written notice to ADSB. Upon termination, KKSB is entitled to forfeit the deposit as agreed liquidated damages whereupon ADSB must, at its own cost and expense, within 14 days from the date of receiving the termination notice from KKSB:-

i. redeliver vacant possession of the Property to KKSB (if it has already been delivered to ADSB);

ii. immediately remove all encumbrance and caveat, if any, on the Property attributable to ADSB; and

iii. return to KKSB all documents delivered by KKSB under the provisions of the SPA with KKSB's interest in the Property remaining intact,

in exchange for the refund by KKSB to ADSB and/ or its financier of all moneys (save and except for the deposit) paid towards account of the disposal consideration without any interest being payable whereupon the SPA will terminate and cease to be of any further effect and thereafter KKSB shall be entitled to sell or otherwise deal with the Property in such manner as it deems fit.

(c) Similarly, in the event that KKSB:-

i. fails to observe or perform or otherwise is in breach of any of the material provision of the SPA; or

ii. any of the material representations or warranties of KKSB is incorrect or inaccurate or misleading in any respect; or

iii. the instrument of transfer cannot be registered for any reason whatsoever due to KKSB's default, willful neglect, omission or blameworthy conduct, and such failure or breach or reason for non-registration is not remedied by KKSB within 14 days after ADSB has given written notice to KKSB to remedy such failure or breach, provided always that ADSB is not in breach of any provision of the SPA, ADSB will be entitled, at the cost and expense of KKSB, and at ADSB's sole discretion to the remedy of specific performance of SPA against KKSB, or to terminate the SPA by giving a written notice to KKSB, and upon termination, KKSB must within 14 days from the date of receiving the termination notice, refund or caused to be refunded to ADSB all moneys including the deposit paid towards account of the disposal consideration without any interest being payable together with a further sum equivalent to the deposit as agreed liquidated damages in exchange for:-

(aa) the re-delivery of vacant possession of the Property to KKSB (if it has already been delivered to ADSB);

(bb) the immediate removal of all encumbrance and caveat, if any, on the Property attributable to ADSB; and

(cc) the return to KKSB of all documents delivered to ADSB and/ or its solicitors and/ or its financier under the provisions of the SPA with KKSB's interest in the Property remaining intact,

wherupon the SPA will terminate and cease to be of any further effect and thereafter KKSB shall be entitled to sell or otherwise deal with the Property in such manner as it deems fit.

2.1.8 Salient features of the Valuation Report

CBRE had appraised the Property in its report dated 4 December 2012 using the cost method as the primary method and supported by the comparison approach of valuation.

In the cost method, the values of the land and building are separately determined and a summation of these values are taken to be the market value of the Property as an integral whole. The value of the land is arrived at by the comparison approach whilst the value of the building is established by the depreciated replacement cost method where the building is taken to be equal its replacement cost new in its existing condition.

The comparison approach entails comparing the Property with similar industrial lands and industrial building which have been sold or are being offered for sale and making adjustments for factors which affect the Property's value such as location and accessibility, market conditions, size, terrain of the land, tenure and restrictions, if any, and other relevant characteristics. For the comparison with the industrial building, after proper adjustment for the factors mentioned above, land value is derived by deducting the building costs using current construction costs.

CBRE is of the opinion that the market value of the Property in its existing condition with vacant possession and subject to the title being free from encumbrances and registrable is RM88.00 million.

A summary of the details of the Property has been set out in Section 2.1.1 of this announcement.

2.2 Proposed Disposal of KTSB

Subject to the terms and conditions of the SSA, FACB shall sell and Kentzu Steel shall purchase the Sale Shares, free from encumbrances and with all rights and advantages attaching to them, including without limitation, the right to receive all dividends or distributions or any return of capital declared, made and paid on or after the completion date of the SSA.

2.2.1 Information on KTSB

KTSB was incorporated in Malaysia on 14 December 1989 under the Act as a private limited company under its present name. KTSB is a wholly-owned subsidiary company of FACB. The principal activities of KTSB are the manufacturing and sale of stainless steel welded pipes and butt-weld fittings.

The directors of KTSB are Puan Sri Lee Chou Sarn, Dato' Dr Abdul Razak bin Abdul and Bong Shee Cheng.

As at 7 December 2012, the authorised share capital of KTSB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

KTSB's products offered include the pipes and fittings, flat bars, ornamental tubes, square hollow section pipes and exhaust pipes. The principal markets for KTSB's products are in Malaysia, Indonesia, Thailand, Vietnam, United States of America, Canada and Australia and majority of its revenues are currently derived from the said markets.

As at 7 December 2012, KTSB has two (2) subsidiary companies, namely Kanzen Marketing Sdn Bhd ("Kanzen Marketing") and KT Fittings Sdn Bhd (formerly known as Kanzen Stainless Processors Sdn Bhd) ("KT Fittings"). The former is currently a dormant company, whilst KT Fittings temporarily ceased business operation in financial year ended ("FYE") 30 June 2012. The entire equity interest in Kanzen Marketing will be disposed of to KT Fittings while the entire equity interest in KT Fittings will be disposed of to FACB prior to the completion of the Proposed Disposal of KTSB.

The financial information of KTSB for the past three (3) FYE 30 June 2012 are set out in **Appendix I.**

2.2.2 Basis and justification of arriving at the disposal consideration

The disposal consideration for the Sale Shares is RM34.50 million which was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted net assets ("NA") of KTSB amounting to RM29.42 million based on the audited financial statements of KTSB for the FYE 30 June 2012.

The following table sets out the adjustments made to the audited NA of KTSB as at 30 June 2012, which have been reviewed by the reporting accountants for the Proposed Disposals, namely Messrs Baker Tilly AC (formerly known as Moore Stephens AC):-

	RM'000
Audited NA of KTSB at 30 June 2012	13,636
Adjusted for	
(i) Transfer of assets/liabilities to the FACB Group	
- property, plant and equipment	(857)
- Investment in subsidiaries	(8,469)
- Inventories	(34,081)
- Trade receivables	(16,607)
- Other receivables, deposits and prepayments	(192)
- Deposits with licensed banks	(720)
- Cash and bank balances	(3,690)
- Trade payables	2,098
- Other payables and accruals	1,900
- Bank borrowings	31,180
(ii) Assignment of inter-company balances to FACB and the balance of amount owing to FACB written back	
- Amount owing by a subsidiary	(38)
- Amount owing to holding company	34,085
- Amount owing to a subsidiary	4,906
- Amount owing to related companies	6,493
(iii) Prepayments expensed off to the profit or loss	(319)
(iv) Reversal of derivative liabilities upon expiry	99
Net adjustments	15,788
Adjusted NA of KTSB at 30 June 2012	29,424

The disposal consideration of RM34.50 million represents a price-to-book ratio ("PBR") of approximately 1.17 times and at a premium of approximately 17.3% based on the adjusted NA of KTSB as at 30 June 2012.

2.2.3 Terms of Settlement

The disposal consideration of RM34.50 million shall be satisfied in the manner set out below:-

Terms of Settlement	Timing	RM'000
Deposit comprising of:-		
(i) Earnest deposit	Paid on 22 October 2012	290
(ii) Remaining balance of the deposit	Upon execution of the SSA	1,160
Balance of disposal consideration	On 1 March 2013 or by the expiration of seven (7) calendar days, other than a Saturday or a Sunday and excludes gazette public holidays in Kuala Lumpur, on which commercial banks in Kuala Lumpur, Malaysia are generally open for normal business ("Business Day"), upon fulfillment of all the conditions precedent, whichever is the later; or such other date to which the closing is deferred in accordance with the SSA ("Closing Date")	33,050
Total		**34,500**

2.2.4 Information on Kentzu Steel

Kentzu Steel was incorporated in Malaysia on 6 May 1983 under the Act as a private limited company under its present name. The principal activity of Kentzu Steel is as a dealer in stainless steel products.

As at 7 December 2012, the authorised share capital of Kentzu Steel is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

2.2.5 Liabilities to be assumed by Kentzu Steel

Save for the obligations and liabilities pursuant to the SSA, there are no liabilities to be assumed by Kentzu Steel pursuant to the Proposed Disposal of KTSB.

2.2.6 Original costs and dates of investment in KTSB

The original costs and dates of investment by FACB in KTSB are as follows:-

Date of investment	Cost of investment RM'000
July 1990	3,500
April 1991	3,500
August 2002	6,293
Total	**13,293**

2.2.7 Expected gains arising from the Proposed Disposal of KTSB

The Proposed Disposal of KTSB is expected to result in an estimated gross gain of approximately RM5.08 million to FACB Group based on the adjusted NA of KTSB of RM29.42 million as at 30 June 2012, excluding incidental costs to be incurred in relation to the Proposed Disposal of KTSB.

2.2.8 Salient terms of the SSA

The salient terms of the SSA are as follows:-

(a) The SSA is subject to the fulfillment of the following conditions precedent ("Conditions Precedent") within 120 days from the date of SSA or such other date mutually agreed by FACB and Kentzu Steel ("Conditional Period"):

i. the prior approval, confirmation of no objection or permission from the relevant government or regulatory authorities to all notifications and applications made by Kentzu Steel, if any;

ii. the prior approval, confirmation of no objection or permission from Malaysian Investment Development Authority to the notification in respect of the change in ownership of KTSB from FACB to Kentzu Steel; and

iii. the prior approval of FACB's board of directors and shareholders for the Proposed Disposal of KTSB. The approval of the board of directors of FACB was obtained on 12 December 2012.

(b) In the event FACB defaults or fails to observe or perform or otherwise being in breach of any of the material provisions, warranties, representations and/ or undertakings in SSA and such default, non-observance, non-performance or breach, if capable of remedy is not remedied within 14 days after the receipt by FACB of written notice from Kentzu Steel requiring FACB to remedy at FACB's cost and expenses, Kentzu Steel shall be entitled to either elect to:-

i. pursue the remedy of specific performance of the SSA against FACB and to all reliefs following therefrom; or

ii. terminate the SSA and claim a sum equivalent to the deposit as the agreed liquidated damages whereupon FACB shall refund to Kentzu Steel within seven (7) days from the date of a written notice from Kentzu Steel, all moneys paid towards account of the purchase price and pay the said agreed liquidated damages in exchange for the return to FACB of all documents delivered by FACB to Kentzu Steel (if any) provided that the documents are in Kentzu Steel's possession at the time of the termination of SSA whereupon this SSA shall terminate and cease to be of any further effect but without prejudice to any right which either party may be entitled to against the other party in respect of any antecedent breach of the SSA.

(c) Similarly, in the event Kentzu Steel defaults or fails to observe or perform or otherwise being in breach of any of the material provisions, warranties, representations and/ or undertakings in SSA and such default, non-observance, non-performance or breach, if capable of remedy is not remedied within 14 days after the receipt by Kentzu Steel of written notice from FACB requiring Kentzu Steel to remedy, FACB shall, at Kentzu Steel's cost and expenses, be entitled to either elect to:-

i. pursue the remedy of specific performance of the SSA against Kentzu Steel and to all reliefs following therefrom; or

ii. terminate the SSA and forfeit the deposit as the agreed liquidated damages whereupon FACB shall refund to Kentzu Steel within seven (7) days from the date of a written notice from Kentzu Steel, all moneys paid towards account of the purchase price other than the deposit forfeited. Upon such termination, Kentzu Steel shall return to FACB of all documents delivered by FACB to Kentzu Steel (if any) provided that the documents are in Kentzu Steel's possession at the time of the termination of SSA whereupon this SSA shall terminate and cease to be of any further effect but without prejudice to any right which either party may be entitled to against the other other party in respect of any antecedent breach of the SSA.

3. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSALS

The Group will raise gross proceeds amounting to approximately RM131.50 million arising from the Proposed Disposals. As at the date of this announcement, the Board is still assessing and evaluating plans on the optimal utilisation of the net proceeds of RM131.00 million (after defraying estimated expenses for the Proposed Disposals of RM0.50 million), which will provide maximum benefits to the shareholders of FACB. Upon finalisation of the proposed utilisation by the Board, the details will be announced accordingly. The net proceeds will be placed in deposits with licensed financial institution(s) and/ or invested in money market instruments pending utilisation.

4. PRACTICE NOTE ("PN16") AND PRACTICE NOTE 17 ("PN17") OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES ("LISTING REQUIREMENTS")

The Proposed Disposals are not expected to result in the Company becoming a Cash Company or a PN17 Company.

5. RATIONALE FOR THE PROPOSED DISPOSALS

The core businesses of FACB Group consists mainly of the steel manufacturing business and manufacturing and marketing of bedding products. Based on the past two (2) FYE 30 June 2012, the segment results from the above are as follows:-

	<---------FYE 30 June 2011------->		<---------FYE 30 June 2012-------->	
	Steel manufacturing RM'000	Bedding RM'000	Steel manufacturing RM'000	Bedding RM'000
Revenue	189,095	44,710	178,205	48,171
Segment (loss)/ profit before tax	(8,468)	3,994	(12,366)	4,362

Based on the above, it should be noted that the steel manufacturing business of the Group was the main contributor to the losses incurred by the Group for the past two (2) FYE 30 June 2012. The said losses incurred were mainly due to the thinning margins due to rising material costs and weak steel demand led by global economic and financial uncertainties. Thus, the Group's gross profit margin was squeezed as a result of market competition and high raw material costs which could not be passed on to customers due to weak market demand.

The Proposed Disposals will allow the Group to rationalise its core businesses by disposing of its steel manufacturing business, which is mainly held via its subsidiary companies, namely KTSB and KKSB. KTSB is the subject matter of the Proposed Disposal of KTSB, while KKSB had ceased operations during the FYE 30 June 2012. As a result, the Board had decided to dispose of the Property held under KKSB. Meanwhile, the profitable business segment, namely the manufacturing and marketing of bedding products is mainly held via its subsidiary company, namely Restonic (M) Sdn Bhd under the Dreamland brand.

Further, as set out in Section 6.3 of this announcement, the Proposed Disposals are expected to record gross gains on disposals of approximately RM67.75 million for the FACB Group.The Proposed Disposals will also enable the Group to raise gross proceeds of approximately RM131.50 million.

As set out in Section 6.2 of this announcement, the Proposals are expected to improve the FACB Group's financial position with its NA improving from RM158.05 million to RM224.81 million, or equivalent to RM2.68 per ordinary share of RM1.00 each in FACB. In addition, the Proposed Disposals will improve the Group's net gearing position to a net cash position.

6. EFFECTS OF THE PROPOSED DISPOSALS

6.1 Issued and paid-up share capital and substantial shareholders' shareholding

The Proposed Disposals will not have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings in FACB as the Proposed Disposals will be fully satisfied in cash.

6.2 NA per share and gearing

Based on the latest audited consolidated financial statements of FACB Group as at 30 June 2012, the proforma effects of the Proposed Disposals on the NA and gearing of FACB Group are set out below:-

	Audited as at 30 June 2012 RM'000	I After the Proposed Disposal of Property RM'000	II After the Proposed Disposal of KTSB RM'000
Share capital	85,163	85,163	85,163
Treasury shares	(1,226)	(1,226)	(1,226)
Share premium	28,989	28,989	28,989
Reserves of subsidiaries companies	316	316	316
Translation reserve	4,516	4,516	4,516
Retained earnings	40,292	102,960[*1]	107,054[*2]
Shareholders' equity/ NA	**158,050**	**220,718**	**224,812**
No. of ordinary shares outstanding (less treasury shares) ('000)	83,883	83,883	83,883
NA per share (RM)	1.88	2.63	2.68
Borrowings (RM'000)	31,180	31,180	31,180
Gearing (times)	0.20	0.14	0.14
Cash and cash equivalents (RM'000)	25,112	122,112	156,112
Cash and cash equivalents per share (RM)	0.30	1.46	1.86
Net gearing (times)	0.04	-	-

Notes:-

[*1] *Inclusive of an estimated gross gain of RM62.67 million arising from the Proposed Disposal of Property*

[*2] *After deducting the estimated expenses of RM500,000 in relation to the Proposed Disposals and inclusive of an estimated gross gain of RM5.08 million and net adjustments of expenses amounting to RM0.48 million arising from the Proposed Disposal of KTSB*

6.3 Earnings and earnings per share ("EPS")

The Proposed Disposals are expected to be completed in the second quarter of 2013. As such, upon completion of the Proposed Disposals, FACB Group is expected to realise estimated total gross gains (excluding incidental costs to be incurred for the Proposed Disposals) amounting to approximately RM67.75 million. For illustration purposes, assuming the Proposed Disposals were effected as at the beginning of FYE 30 June 2012, this in turn is expected to translate into an increase in EPS by approximately RM0.81 from a loss per share of RM0.19 to an EPS of RM0.62.

7. RISK FACTORS

The following are risk factors that may arise from the Proposed Disposals (which may not be exhaustive):-

i. Failure and/ or delay in the approval from the authorities and/ or parties

The Proposed Disposals are conditional upon the approvals from the relevant authorities and/ or parties, as disclosed in Section 6 below. There is no assurance that the Proposed Disposals can be completed within the time period permitted under the SSA and/ or the SPA.

In the event that the approvals are not obtained within the permitted time period or in the event any of the approvals shall contain terms, which are not acceptable to the purchasers of the Proposed Disposals, the parties may either mutually extend the said period or failing which, terminate the SSA and/ or the SPA. Any delay or non-completion of the Proposed Disposals will delay and preclude the Company from receiving the proceeds from the Proposed Disposals.

Nevertheless, the Company shall ensure that every effort is made to obtain all the necessary approvals for the Proposed Disposals, those of which are FACB's or KKSB's (where applicable) obligations to procure.

ii. Contractual risks

FACB or KKSB (where applicable) may be subjected to certain contractual risks such as specific performance or payment of liquidated damages as a result of non-fulfillment of its obligations under the SSA and/ or the SPA. Nevertheless, FACB or KKSB (where applicable) endeavours to ensure full compliance in relation to fulfillment of its part of the obligations under the SSA and the SPA.

8. APPROVALS REQUIRED

The Proposed Disposals are subject to the following approvals being obtained:-

i. the shareholders of FACB at an extraordinary general meeting to be convened; and

ii. any other relevant authorities and/ or approvals, if necessary.

The Proposed Disposals are not inter-conditional upon each other and are not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. APPLICATION TO THE RELEVANT AUTHORITIES

The applications to the relevant authorities for the Proposed Disposals shall be submitted within two (2) months from the date of this announcement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to fulfillment of all the conditions precedents as set out in the SSA and the SPA, the Proposed Disposals are expected to be completed by the second quarter of 2013.

11. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable pursuant to Paragraph 10.02(g) of the Listing Requirements based on the latest audited consolidated financial statements of FACB Group for the FYE 30 June 2012 are as follows:-

i. 61.37% pursuant to the Proposed Disposal of Property, being the aggregate value of consideration received in relation to the Proposed Disposal of Property, compared with the NA of FACB Group; and

ii. 40.71% pursuant to the Proposed Disposal of KTSB, being the total assets of KTSB in relation to the Proposed Disposal of KTSB, compared with the total assets of FACB Group.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED

None of the Directors or major shareholders of FACB and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Disposals.

13. ADVISER

OSK has been appointed as the Adviser for the Proposed Disposals.

14. DIRECTORS' STATEMENT

The Board after having considered all the relevant aspects in respect of the Proposed Disposals, is of the opinion that the terms and conditions of the Proposed Disposals are fair and reasonable and are in the best interest of the Company and none of the Directors have disagreed with this statement.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be made available for inspection at the registered office of FACB at Etiqa Twins, Tower 1, Level 13, 11 Jalan Pinang, 50450 Kuala Lumpur during the normal business hours from Mondays to Fridays (except public holidays) for a period being not less than three (3) months from the date of this announcement:-

i. the SSA dated 12 December 2012 in respect of the Proposed Disposal of KTSB;

ii. the SPA dated 12 December 2012 in respect of the Proposed Disposal of Property; and

iii. the valuation report and valuation certificate dated 4 December 2012, prepared by CBRE in respect of the valuation of the Property pursuant to the Proposed Disposal of Property.

This announcement is dated 12 December 2012.

APPENDIX I

A summary of the financial information of KTSB for the past three (3) FYE 30 June 2012 are set out as follows:-

	<----Audited---->		
	<----FYE 30 June---->		
	2010	**2011**	**2012**
	RM'000	**RM'000**	**RM'000**
Revenue	124,605	141,047	141,344
Gross profit	10,644	363	(1,364)
Profit before tax ("PBT")/ Loss before tax ("LBT")	4,840	(7,622)	(20,488)
Profit after taxation ("PAT")/ Loss after taxation ("LAT")	5,125	(5,737)	(27,314)
Shareholders' funds/ NA	46,678	40,951	13,636
Total borrowings	37,245	38,716	31,180
Gearing (times)	0.80	0.95	2.29

Commentary on past performance:-

FYE 30 June 2010

For the FYE 30 June 2010, KTSB's revenue decreased by RM72.76 million or approximately 36.9% as compared to the FYE 30 June 2009, mainly due to lower sales quantity delivered.

The PBT for the FYE 30 June 2010 increased by RM42.77 million or approximately 112.8% to RM4.84 million as compared to a LBT of RM37.93 million in the FYE 30 June 2009, which was mainly due to higher profit margin recorded during the financial year under review. Further, the Group had inventory written down of RM25.03 million recognised in the FYE 30 June 2009.

FYE 30 June 2011

For the FYE 30 June 2011, KTSB's revenue increased by RM16.44 million or approximately 13.2% as compared to the FYE 30 June 2010, mainly due to increase in selling price and sales volume delivered.

KTSB recorded a LBT for the FYE 30 June 2011 of RM7.62 million, representing a decrease of RM12.46 million or approximately 257.5% as compared to the FYE 30 June 2010, which was mainly attributed to rising raw material cost and inability to pass on the increase in the entire cost to customers as well as inventory written down of RM1.71 million.

FYE 30 June 2012

For the FYE 30 June 2012, KTSB's revenue marginally increased by RM0.30 million or approximately 0.2% as compared to the FYE 30 June 2011, mainly due to increase in selling prices.

The LBT for the FYE 30 June 2012 increased by RM12.87 million or approximately 168.8% to RM20.49 million as compared to the FYE 30 June 2011, which was mainly due to inventory written down of RM3.48 million and impairment loss on investment in a subsidiary of RM10.40 million.