

ASX Code : VIP

DIRECTORS :

Dr Kai Fatt (Joe)

WONG :

Independent Non-
executive Chairman

Chin Kar (Jimmy)

YANG :

Group Managing
Director

Kay Wen CHEN :

Executive Director

How Weng (Sebastian)

CHANG :Independent
Non- Executive
Director

Peter Yee Ming NG :

Independent Non-
Executive Director

Joanne King :

Independent Non-
Executive Director

Andrew METCALFE :

Company Secretary

Issued Capital :

786,781,435 ordinary
shares

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Market Announcements Office

Australian Securities Exchange

13 February 2023

ASX ANNOUNCEMENT (ASX – VIP)

SALE AND LEASEBACK OF LAND AND BUILDINGS FOR 17 MILLION MALAYSIAN RINGGIT.

The Directors of VIP Gloves Limited (VIP or the Company) are pleased to advise that through the Company's two wholly owned Malaysian subsidiaries they have executed a sale agreement for the sale of land and buildings to Intergrasi Sdn Berhad (an unrelated Malaysian company) (Intergrasi); and simultaneously executed a tenancy agreement with Intergrasi (Leaseback). The Leaseback will commence immediately upon receipt of the second tranche payment for sale of the land and buildings.

The transactions comprise the following:

- the sale of land and buildings for Malaysian Ringgit (MYR) 17 million (approximately A\$5.61 million); and
- the Leaseback by VIP of the land and buildings.

The sale of land and buildings will provide a significant cash injection for the Company, with funds used to eliminate financial borrowings and provide ongoing working capital.

Sale agreement terms and conditions

Completion of the sale agreement is conditional upon obtaining the consent of local government to the transfer of the land (Consent) within 6 months of the date of the sale agreement.

Purchase Price of MYR 17,000,000 will be paid in 3 tranches as follows:

1. MYR 1,700,000 (approximately A\$561k) (Deposit). The Deposit is to be paid to the Company's solicitor as part payment of the Purchase Price on execution of the sale and

leaseback agreement;

2. MYR 3,400,000 (approximately A\$1.12 million) to be paid to the Company's solicitor within 30 days upon the Consent to Transfer and Charge being obtained; and
3. MYR 11,900,000 (approximately A\$3.93k) to be paid to the Company's solicitor within 4 months of the Consent to Transfer and Charge being received by Intergrasi's solicitor (Completion).

Leaseback terms and conditions

The Leaseback commences immediately following receipt of the second tranche payment from Intergrasi by the Company's solicitor, and is for an initial term of 3 years + 3 years (with 10% annual increment in lease payments). Subject to mutual agreement of both parties, the Leaseback is renewable for a further term of 3 years + 3 years, with a maximum 15% annual increase in lease payments. The lease payments for the first 3 years + 3 years term are set at MYR 120,000 per month (approximately A\$39.8k).

The Company has further agreed to pay the amount of 1 month advance rental, 6 months rental deposit and 1 month utilities deposit (refundable on the expiration of the Leaseback) to be deducted from the second tranche payment.

The sale of land does not include the vacant land adjacent to the existing land and buildings.

Andrew Metcalfe
Company Secretary
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Approved for release by the Board of VIP Gloves Limited