

## SCIENTEX BERHAD (“SCIENTEX” OR THE “COMPANY”)

### PROPOSED ACQUISITION BY SCIENTEX HEIGHTS SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF SCIENTEX, OF TWO (2) PIECES AND PARCELS OF FREEHOLD LAND HELD UNDER GRN 60084 LOT 7561 AND GRN 59205 LOT 7562, BOTH SITUATED IN MUKIM AND DISTRICT OF JASIN, STATE OF MELAKA, MEASURING IN AGGREGATE AREA OF APPROXIMATELY 549.342 HECTARES FOR A TOTAL PURCHASE CONSIDERATION OF RM260,174,594.00

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#### 1. INTRODUCTION

The Board of Directors of Scientex wishes to announce that Scientex Heights Sdn Bhd [Company No. 198801002898 (170255-V)] (“SHSB”), an indirect wholly-owned subsidiary of the Company, had on 13 August 2020 entered into a Sale and Purchase Agreement (“SPA”) with IOI Corporation Berhad [Company No. 196901000607 (9027-W)] (“Proprietor”) and GLM Emerald Industrial Park (Jasin) Sdn Bhd [Company No. 199501015275 (344476-H)] (“Vendor”) for the proposed acquisition of two (2) pieces and parcels of freehold land held under GRN 60084 Lot 7561 and GRN 59205 Lot 7562, both situated in Mukim and District of Jasin, State of Melaka, having an aggregate area of approximately 549.342 hectares (collectively referred to as “Subject Lands”) for a total purchase consideration of RM260,174,594.00 only (“Proposed Acquisition”).

#### 2. DETAILS OF THE PROPOSED ACQUISITION

##### 2.1 INFORMATION ON THE VENDOR

The Vendor was incorporated in Malaysia on 24 May 1995 as a private limited company. The issued share capital of the Vendor is RM224,980,450 comprising RM50,600,000 ordinary shares (“OS”) and RM174,380,450 cumulative redeemable preference shares (“CRPS”). The principal activities of the Vendor are property development and operation of an oil palm estate.

The Directors of the Vendor and their direct and indirect shareholding in the Vendor is set out below:

	<u>Direct Shareholding</u>	<u>Indirect Shareholding</u>
i) Datuk Kong Woon Jun	-	-
ii) Lee Yeow Seng	-	16,192,000 OS (32.00%) 50,877,845 CRPS (29.18%)
iii) Chin Min Yann	-	-
iv) Teah Chin Guan @ Teh Chin Guan (Alternate Director to Lee Yeow Seng)	-	-

The shareholders of the Vendor and their direct and indirect shareholding in the Vendor is set out below:-

	<u>Direct Shareholding</u>	<u>Indirect Shareholding</u>
i) Guocoland Development Sdn Bhd*	25,300,000 OS (50.00%) 87,190,225 CRPS (50.00%)	- -
ii) GLM Emerald (Jasin) Sdn Bhd (“GLMEJ”)	9,108,000 OS (18.00%) 36,312,380 CRPS (20.82%)	- -
iii) IOI Properties Berhad	16,192,000 OS (32.00%) 50,877,845 CRPS (29.18%)	- -

\*Held as nominee of GLMEJ

## 2.2 INFORMATION ON THE SUBJECT LANDS

### (i) Ownership

The Proprietor is the registered owner of the Subject Lands. The Vendor had, by a sale and purchase agreement dated 22 May 1996 (“SPA 1996”), acquired inter alia the Subject Lands from the Proprietor. Following the completion of the SPA 1996, the Vendor has become the sole beneficial owner of the Subject Lands. The Proprietor had, on completion of SPA 1996, granted a Power of Attorney dated 6 August 1997 in favour of the Vendor which empowers the Vendor to, inter alia, deal with the Property as if it is the registered proprietor of the same including the execution of a sale and purchase agreement and memorandum of transfer for a sale and transfer of the same. The Proprietor had consented to the sale and transfer of the Subject Lands from the Vendor to SHSB in accordance with the terms of the SPA.

### (ii) The Subject Lands

The Subject Lands are freehold land, both situated in the Mukim and District of Jasin, State of Melaka as particularly described hereinbelow:

Subject Land		Area			Purchase Price
Title No	Lot No	Hectares	Acres	Square Foot	(RM)
GRN 60084	7561	441.742	1,091.567	47,548,639.7500	209,214,015.00
GRN 59205	7562	107.600	265.885	11,581,949.7288	50,960,579.00
<b>Total</b>		<b>549.342</b>	<b>1,357.452</b>	<b>59,130,589.4788</b>	<b>260,174,594.00</b>

The Subject Lands were alienated with no endorsement of category of land use or express conditions and are not subject to any restrictions in interest nor any registered encumbrances.

The Subject Lands will be acquired on en bloc basis, free of encumbrances and with possession subject to all the existing conditions of title, restrictions in interest (if any) and category of land use, express or implied, relating to or affecting the Subject Lands and on an “as is where is” basis, at the Purchase Price, and on the terms and subject to the conditions contained in the SPA.

The Subject Lands are strategically located between Jasin Town, Melaka City and Muar. It is situated less than 5km from Jasin Town and approximately 12km from Malacca City and 30km from Muar. The Subject Lands are easily accessible from North South Expressway via the Jasin and Ayer Keroh Interchange and Alor Gajah – Central Malacca – Jasin Highway. The Subject Lands are highly visible and easily accessible from all directions from Malacca City, Ayer Keroh, Durian Tunggal, Bemban, Serkam, Merlimau and Muar.

The Subject Lands are proposed to be developed into a mixed-property development. However, it is too preliminary to ascertain the exact total gross development value, development cost, the expected commencement and completion dates of the development and the expected profits to be derived from the development of the Subject Lands as at the date of this announcement.

## 2.3 BASIS AND JUSTIFICATION OF ARRIVING AT THE PURCHASE PRICE

The total purchase price of RM260,174,594.00 for the Subject Lands was arrived at on a willing-buyer willing-seller basis, after taking into consideration the strategic location of the Subject Lands and its development prospects which would allow Scientex Group of Companies (“Scientex Group”) the opportunity to create greater economic value and increase the earnings potential of Scientex Group, as well as to obtain better foothold in the property market.

There was no valuation carried out by the Company or SHSB on the Subject Lands and the Board of Directors of the Company is unable to disclose the Vendor’s net book value of the Subject Lands as this information is not privy to SHSB.

## 2.4 SALIENT TERMS OF THE SPA

### 2.4.1 PURCHASE PRICE AND PAYMENT TERMS

The total purchase price of RM260,174,594.00 for the Proposed Acquisition shall be paid in the following manner: -

	<b>Payment Term</b>	<b>Timing</b>	<b>Consideration (RM)</b>
(a)	Deposit	Paid upon the execution of the SPA	26,017,459.40
(b)	Balance Purchase Price	By or before the Completion Date (as defined in section 2.4.3 herein)	234,157,134.60
		Total	<u>260,174,594.00</u>

### 2.4.2 CONDITION PRECEDENT

- (a) The SPA is conditional upon the Vendor's receipt of the approval of the Estate Land Board of the State of Melaka ("ELB") for the transfer of the Subject Lands from the Proprietor to SHSB and the relevant certificate therefor pursuant to Section 214A of the NLC ("ELB Approval") being obtained by or before the expiry of the CP Period (as defined in section 2.4.2(b)) ("CP").
- (b) The CP shall be fulfilled within 3 months from the date of the SPA, with an automatic extension of a further period of 3 months, and thereafter for such further period(s) as may be mutually agreed upon between the parties in writing ("CP Period").
- (c) In the event the application for the ELB Approval is rejected, the party receiving such rejection shall notify the other party in writing within 10 business days and the Vendor shall within 30 days from such date of receipt of notice of rejection submit an appeal to ELB against such rejection ("Rejection Appeal").
- (d) In the event the ELB Approval is not received or the Rejection Appeal is not approved by or before the expiry of the CP Period, the CP shall be deemed to be unfulfilled and each party shall be entitled to terminate the SPA by prior written notice to the other party.

In the event of such termination, the Vendor shall within 10 business days after the Vendor's receipt of relevant documents pursuant to the SPA, refund and/or cause to be refunded the Deposit together with 50% of any accumulated interest on the Deposit ("50% Deposit Interest") to SHSB, failing which the Vendor shall pay to SHSB interest on the Deposit and the 50% Deposit Interest or such part which remains outstanding at a rate of 8% per annum calculated on a daily basis until the date SHSB's receipt of the entire Deposit and the 50% Deposit Interest. Thereafter, the SPA shall be null and void.

- (e) The SPA shall become unconditional on the date on which the CP is fulfilled and a copy of the ELB Approval is received by SHSB or SHSB's solicitors ("Unconditional Date").

### 2.4.3 COMPLETION OF THE PROPOSED ACQUISITION

The completion of the Proposed Acquisition shall take place:

- (a) on a business day on or before the expiration of 90 days from the Unconditional Date, failing which completion shall be automatically extended by a period of 30 days only subject to SHSB paying the Vendor interest at a rate of 8% per annum on the Balance Purchase Price or any part thereof which remains outstanding as at the expiry of the aforesaid 90 days, calculated on a daily basis until the date of full payment of the Balance Purchase Price or any part thereof that remains outstanding; or

- (b) within 10 business days from the date the transfer documents are presented for registration at the Land Registry or by such other earlier date as may be stipulated in the financier's undertaking ("Payment Date"), failing which the Vendor may, subject to the Vendor's receipt at least 3 business days prior to the Payment Date of a written request from SHSB together with reasonable justification for the delay, at the Vendor's absolute discretion extend completion by up to 7 days only subject to SHSB paying the Vendor interest at a rate of 8% per annum on the Balance Purchase Price or any part thereof which remains outstanding as at the expiry of the Payment Date, calculated on a daily basis until the date of full payment of the Balance Purchase Price or any part thereof that remains outstanding;

whichever is earlier, or any other date as may be agreed between the Vendor and SHSB ("Completion Date").

## 2.5 SOURCE OF FUNDING

The Proposed Acquisition will be funded by internally generated funds and bank borrowings.

## 2.6 LIABILITIES TO BE ASSUMED

SHSB and Scientex Group will not assume any liabilities arising from the Proposed Acquisition.

## 3. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition would be a strategic investment opportunity to increase and boost the existing landbank of Scientex Group. The close proximity between the Company's existing developments and the proposed development will enable the Company to tap on operational efficiencies and generate better margins through economies of scale to be achieved during project implementation.

The landbank expansion is also in line with the goal of Scientex Group to build more affordable homes with an objective of completing 50,000 affordable homes throughout the nation by 2028. The Subject Lands are expected to provide a steady and sustainable property development model as Scientex Group continues to focus on landed affordably priced properties which demand has remained firm and resilient.

## 4. PROSPECTS OF THE PROPOSED ACQUISITION

The Subject Lands would provide Scientex Group the opportunity to create greater economic value and increase the earnings potential of Scientex Group over the medium to long term as the Subject Lands have promising development potential.

The Proposed Acquisition will enable Scientex Group to leverage on its existing and successful business model of providing affordable and quality landed properties to such category of affordable property mass market in the medium to long term.

## 5. RISK FACTORS OF THE PROPOSED ACQUISITION

The Board of Directors of Scientex does not foresee any risk factors arising from the Proposed Acquisition, other than the normal economic risk and inherent risk factors associated with the property development industry, for which Scientex Group is already involved in.

## 6. EFFECTS OF THE PROPOSED ACQUISITION

- 6.1 The Proposed Acquisition will not have any effect on the issued and paid-up share capital of the Company and the direct and/or indirect shareholdings of the substantial shareholders of the Company as the Proposed Acquisition will be satisfied wholly in cash.

6.2 The Proposed Acquisition is not expected to have any material impact on the earnings and net assets of Scientex Group for the financial year ending 31 July 2021. The Proposed Acquisition is expected to enhance the future earnings of Scientex Group when the proposed development of the Subject Lands come onstream subsequently.

6.3 The Proposed Acquisition will not have any material impact on the gearing of Scientex Group for the financial year ending 31 July 2021.

7. **APPROVAL/CONSENT REQUIRED**

The Proposed Acquisition is conditional upon the ELB Approval as defined in section 2.4.2(a) of this announcement.

The Proposed Acquisition is not subject to the approval of the shareholders of the Company.

8. **INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

None of the Directors, major shareholders or persons connected with the Directors or major shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. **DIRECTORS' STATEMENT/RECOMMENDATION**

The Board of Directors of Scientex, after careful deliberation on the Proposed Acquisition, is of the opinion that the terms of the Proposed Acquisition are fair and reasonable and that the Proposed Acquisition is in the best interest of Scientex Group.

10. **ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to fulfilment of the CP as set out in the SPA, the Proposed Acquisition is expected to be completed in the first half of year 2021.

11. **HIGHEST PERCENTAGE RATIO APPLICABLE**

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements is 11.69%.

12. **DOCUMENT FOR INSPECTION**

The SPA is available for inspection at the registered office of Scientex at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan during normal business hours on Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 13 August 2020.