

PROPOSED ACQUISITION BY SCIENTEX LESTARI SDN BHD OF 6 PARCELS OF FREEHOLD LAND, ALL SITUATED IN MUKIM SENAI, DISTRICT OF KULAI, STATE OF JOHOR, MEASURING IN AGGREGATE AN APPROXIMATE AREA OF 550.67 ACRES FOR A TOTAL PURCHASE CONSIDERATION OF RM299,839,815.00

1. **INTRODUCTION**

The Board of Directors of Scientex wishes to announce that Scientex Lestari Sdn Bhd [Registration No. 202301017345 (1511267-T)] (“**Purchaser**”), an indirect subsidiary of the Company, had on 11 July 2023 entered into a conditional Sale and Purchase Agreement (“**SPA**”) with Seriemas Development Sdn Bhd [Registration No. 198401010032 (122570-H)] (“**Vendor**”) for the proposed acquisition of 6 parcels of freehold land, all situated in Mukim Senai, District of Kulai, State of Johor, measuring in aggregate an approximate area of 550.67 acres (collectively referred to as “**Lands**” and more particularly described in Appendix I) for a total purchase consideration of RM299,839,815.00 only (“**Proposed Acquisition**”).

2. **DETAILS OF THE PROPOSED ACQUISITION**

2.1 **INFORMATION ON THE PURCHASER**

The Purchaser is a private limited company incorporated in Malaysia on 10 May 2023 and its principal activity is property development. The issued share capital of the Purchaser is RM100,000.00 divided into 100,000 ordinary shares. The Purchaser is a 70%-owned subsidiary of Scientex Quatari Sdn Bhd [Registration no. 197601002045 (28008-M)], which in turn is a wholly-owned subsidiary of the Company. The remaining 30% of the equity interest of the Purchaser is held by Dato’ Azman Bin Mahmud.

The directors of the Purchaser are Mr. Lim Peng Jin, Dato’ Azman Bin Mahmud, Datuk Khaw Giet Thye and Mr. Beh Chun Chong.

2.2 **INFORMATION ON THE VENDOR**

The Vendor is a private limited company incorporated in Malaysia on 4 July 1984 and its principal activity is property development. The issued share capital of the Vendor is RM2,500,000.00 divided into 2,500,000 ordinary shares. The Vendor is a wholly-owned subsidiary of PNB Development Sdn Berhad [Company No. 200001015378 (517985-U)] which in turn is a wholly-owned subsidiary of Permodalan Nasional Berhad [Company No. 197801001190 (38218-X)], both incorporated in Malaysia. The Vendor is the registered and beneficial owner of the Lands.

The Directors of the Vendor are Encik Rizal Rickman Bin Ramli, Dato’ Mohd Nizam Bin Zainordin, Encik Mazuki Bin Abdullah @ Muhammad, Encik Megat Rozlan Bin Abdul Rahman and Encik Mohamad Idros Bin Mosin. None of the Directors of the Vendor hold any direct and indirect shareholding in the Vendor.

2.3 **INFORMATION ON THE LANDS**

The Lands are highly visible and easily accessible via Jalan Kulai-Kota Tinggi or through Senai Highway to Jalan Besar. The Lands are situated at the north of Kulai town, approximately 2km away from Majlis Perbandaran Kulai. They are 13km and 12.5km away from our existing developments, namely Taman Scientex Senai and Taman Scientex Kulai respectively and strategically surrounded by mature developments such as Taman Cantik, Taman Desa Kulai, Taman Mutiara Hijau and Taman Mewah. The Lands are approximately 15 minutes driving distance to Lotus’s Kulai, IOI Mall Kulai, AEON Mall, Econsave Kulai and many other conveniences as well as near to transportation hubs such as Kulai Bus Terminal, Kulai Train Station and Senai International Airport.

The Purchaser proposes to develop the Lands into a mixed-property development, consisting of approximately 7,000 affordable houses. It is currently 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 Lands as at the date of this announcement.



The Lands will be acquired on an “as-is-where-is” and “en-bloc” basis; free from encumbrances with vacant possession to be delivered in accordance with the terms of the SPA; subject to all conditions of the titles, restrictions-in-interests and existing category of land use in the titles of the Lands; and upon the terms and conditions set out in the SPA.

2.4 SALIENT TERMS OF THE SPA

Further information on the Lands and the salient terms of the SPA are set out in Appendix I and II respectively of this announcement.

2.5 BASIS AND JUSTIFICATION OF ARRIVING AT THE PURCHASE PRICE

The total purchase consideration of RM299,839,815.00 for the Lands was arrived at on a willing-buyer willing-seller basis, after taking into consideration the strategic location, accessibility and existing mature amenities surrounding the Lands and their immediate development prospects as stated in section 2.3 of this announcement. In view of rising property prices and robust demand for affordable homes from the low and middle-income groups, the Proposed Acquisition represents a strategic investment opportunity for Scientex Group of Companies (“**Scientex Group**”) to create greater economic value and increase its earnings potential as it gains a better and stronger foothold in the more established Johor property market.

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

2.6 SOURCE OF FUNDING

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

2.7 LIABILITIES TO BE ASSUMED

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

3. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition allows Scientex Group to increase and boost the existing landbank of Scientex Group at a reasonable acquisition cost. The close proximity between Scientex Group’s existing developments and the proposed development of the Lands will enable Scientex Group to generate better

operational efficiencies through greater 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 to meet the Group's objective of completing 50,000 affordable homes throughout the nation by 2028. The Lands are expected to provide a steady and sustainable property development model as Scientex Group continues to focus on affordably priced landed properties where demand continues to remain firm and resilient.

4. **PROSPECTS OF THE PROPOSED ACQUISITION**

The Lands will 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 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, in which Scientex Group is actively involved.

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 years ending 31 July 2023 and 31 July 2024. The Proposed Acquisition is expected to enhance the future earnings of Scientex Group when the proposed development of the Lands comes onstream subsequently.

6.3 The Proposed Acquisition will not have any material impact on the gearing of Scientex Group for the financial years ending 31 July 2023 and 31 July 2024.

7. **APPROVAL/CONSENT REQUIRED**

The Proposed Acquisition is conditional upon fulfilment of the conditions precedent as set out in Appendix II of this announcement.

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 have any interest, whether direct or indirect, in the Proposed Acquisition.

9. **DIRECTORS' STATEMENT/RECOMMENDATION**

The Board, 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 conditions precedent as set out in Appendix II hereto, the Proposed Acquisition is expected to be completed in its entirety in the first half of year 2024.

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 9.64%.

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 from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 11 July 2023.

INFORMATION ON THE LANDS

The Lands are freehold lands situated in Mukim Senai, District of Kulai, State of Johor as particularly described hereinbelow:

<u>Lands</u>	<u>Approximate Area</u> <u>(Acres)</u>
H.S.(D) 74874 PTD 112721	331.29
H.S.(D) 74875 PTD 112722	168.77
H.S.(D) 74876 PTD 112723	26.61
H.S.(D) 75675 PTD 112802	5.76
H.S.(D) 75676 PTD 112803	12.15
H.S.(D) 75677 PTD 112804	6.09
	<hr/> 550.67 <hr/>

The Lands are presently free from encumbrances. There is no category of land use, conditions of title (express or implied) and restrictions-in-interest endorsed on the titles of the Lands.

The total area of the Lands as set out in the existing titles is 550.67 acres or 23,987,185.20 square feet.

SALIENT TERMS OF THE SPA

1. PURCHASE CONSIDERATION AND PAYMENT TERM

The total purchase consideration for the Proposed Acquisition is RM299,839,815.00 calculated at RM12.50 per square foot over the total title areas of 23,987,185.20 square feet.

<u>Payment Term</u>	<u>Timing</u>	<u>Amount (RM)</u>
Earnest Deposit (2%)	Prior to the date of SPA	5,996,796.30
Balance Deposit (8%)	Upon execution of the SPA	<u>23,987,185.20</u>
Deposit (10%)		29,983,981.50
Balance Purchase Price (90%)	Within 90 days from the fulfilment of the last Condition Precedent (“ Completion Period ”) with an automatic 30 days extension from the expiry of the Completion Period (“ Extended Completion Period ”) subject to ta’widh (compensation) at the rate of 8% per annum on the unpaid Balance Purchase Price	269,855,833.50
	Total	<u>299,839,815.00</u>

2. CONDITIONS PRECEDENT

2.1 The Proposed Acquisition is conditional upon the fulfilment of the following conditions precedent (collectively the “**Conditions Precedent**”):

2.1.1 the approval from Estate Land Board (“**ELB**”) for the transfer of Lands (“**ELB Approval**”);

2.1.2 the approval from the Economic Planning Unit of the Prime Minister’s Department of Malaysia (“**EPU**”) for the transfer of the Lands (“**EPU Approval**”); and

2.1.3 the approvals of the directors and/or shareholders of the Vendor and the Purchaser (if applicable).

2.2 The Conditions Precedent are to be fulfilled within 180 days from the date of the SPA (“**Conditional Period**”), with an automatic extension of 30 days or such extended period as the parties may mutually agree (“**Extended Conditional Period**”).

2.3 If the Conditions Precedent are not approved by the Extended Completion Period, the Vendor shall refund the Deposit to the Purchaser with accrued interest and the SPA shall come to an end.

2.4 If the Conditions Precedent are fulfilled, the SPA shall become unconditional and the Purchaser shall pay the Balance Purchase Price (90%) within the time frame set out in section 1 of Appendix II of this announcement.

3. DEFAULT AND TERMINATION

3.1 If the Vendor shall breach the SPA, the Purchaser shall be entitled to the agreed damages equal to 10% of the Purchase Price and treat the SPA as terminated.

3.2 If the Purchaser shall breach the SPA, the Vendor shall be entitled to forfeit the Deposit as agreed liquidated damages and thereafter the SPA shall cease to be of further effect.

4. TITLE AND TRANSFER

The titles to the Lands shall be transferred to the Purchaser free from encumbrances upon the Vendor’s receipt of the Balance Purchase Price.

5. DELIVERY OF VACANT POSSESSION

The Lands shall on completion be delivered to the Purchaser with vacant possession in substantially the same state and condition as the Lands is as at the date of the SPA, free and clear of all occupants whether under the estate management services arrangement or under any other basis whether legal or otherwise.

6. LIMITED POWER OF ATTORNEY

On signing of the SPA, the Vendor shall deliver to the Purchaser a limited power of attorney to enable the Purchaser to submit applications for the proposed development of the Lands.