

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

PROPOSED ACQUISITION BY AMBER LAND BERHAD, A WHOLLY-OWNED SUBSIDIARY OF SCIENTEX, OF THE EIGHTEEN (18) PARCELS OF 989-YEAR LEASEHOLD AGRICULTURE LAND ALL SITUATED IN THE MUKIM OF KOTA TINGGI, DISTRICT OF KOTA TINGGI, STATE OF JOHOR MEASURING IN AGGREGATE AN APPROXIMATE AREA OF 85.73125 ACRES FOR A TOTAL PURCHASE CONSIDERATION OF RM39,211,759.16

1. INTRODUCTION

The Board of Directors of Scientex wishes to announce that Amber Land Berhad [Company No. 197101000075 (10450-H)] (“ALB”), a wholly-owned subsidiary of Scientex Quatari Sdn Bhd [Company No. 197601002045 (28008-M)], which in turn a wholly-owned subsidiary of the Company, had on 17 December 2019 entered into an Agreement of Sale (“Agreement”) with Oaksvilla Sdn Bhd [Company No. 199501021597 (350800-T)] (“OSB” or “Vendor”) for the proposed acquisition of the eighteen (18) parcels of 989-year leasehold agriculture land held under HS(D) 888 Lot 3449 to HS(D) 905 Lot 3466, all situated in the Mukim of Kota Tinggi, District of Kota Tinggi, State of Johor, measuring in aggregate an approximate area of 85.73125 acres (collectively referred to as “Subject Land”) for a total purchase consideration of RM39,211,759.16 only (“Proposed Acquisition”).

For further details on the Subject Land, please refer to Section 2.2 of this announcement.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 INFORMATION ON THE VENDOR

OSB was incorporated in Malaysia on 13 July 1995 as a private limited company. The issued share capital of OSB is RM20,650,000 comprising 250,000 ordinary shares and 20,400,000 redeemable convertible preference shares. OSB is a wholly-owned subsidiary of Fiamma Holdings Berhad [Company No. 198201008992 (88716-W)].

The principal activity of OSB is property development. OSB is the registered and beneficial owner of the Subject Land.

The existing directors of OSB are Ho Hong Seng, Low Eng Bee and Lim Chin Chia. None of the Directors of OSB held any direct and indirect shareholding in OSB.

2.2 INFORMATION ON THE SUBJECT LAND

The Subject Land is 989-year leasehold agriculture land situated in the Mukim of Kota Tinggi, District of Kota Tinggi, State of Johor as particularly described hereinbelow:

	<u>Subject Land</u>		<u>Land Area</u>	<u>Purchase Consideration</u>
	<u>HS(D)</u>	<u>LOT</u>	<u>Acres</u>	<u>(RM)</u>
(i)	888	3449	5.01250	2,292,617.25
(ii)	889	3450	5.00000	2,286,900.00
(iii)	890	3451	4.99375	2,284,041.38
(iv)	891	3452	4.99375	2,284,041.38
(v)	892	3453	4.95625	2,266,889.63
(vi)	893	3454	4.96250	2,269,748.25
(vii)	894	3455	5.01250	2,292,617.25
(viii)	895	3456	5.00000	2,286,900.00
(ix)	896	3457	4.96875	2,272,606.88
(x)	897	3458	4.88125	2,232,586.13
(xi)	898	3459	4.99375	2,284,041.38
(xii)	899	3460	4.99375	2,284,041.38
(xiii)	900	3461	5.00000	2,286,900.00
(xiv)	901	3462	5.00000	2,286,900.00
(xv)	902	3463	5.00000	2,286,900.00
(xvi)	903	3464	5.00000	2,286,900.00
(xvii)	904	3465	3.00000	1,372,140.00
(xviii)	905	3466	2.96250	1,354,988.25
Total			85.73125	39,211,759.16

The Subject Land is presently free from encumbrances. There are no express conditions or restriction in interest endorsed on the issue documents of title to the Subject Land.

The Subject Land will be acquired on an “as is where is” and an en bloc basis with vacant possession and free from all claims and encumbrances upon the terms and conditions contained in the Agreement and subject to the conditions of titles whether expressed or implied contained in the issue documents of titles to the Subject Land.

The Subject Land is situated less than 5km from Kota Tinggi Town and approximately 25km to Johor Bahru City. The Subject Land is easily accessible via Johor Bahru – Kota Tinggi Highway and Kota Tinggi – Kulai Road. The Subject Land is also surrounded by well-established neighbouring developments, such as Taman Sri Lalang, Taman Sri Saujana and Kota Tinggi Town.

The Subject Land is proposed to be developed into a mixed-property development. However, 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 Subject Land.

2.3 BASIS AND JUSTIFICATION OF ARRIVING AT THE PURCHASE PRICE

The total purchase price of RM39,211,759.16 for the Subject Land was arrived at on a willing-buyer willing-seller basis, after taking into consideration the strategic location of the Subject Land 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 property market.

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

2.4 SALIENT TERMS

2.4.1 PURCHASE PRICE

The total purchase price of RM39,211,759.16 for the Proposed Acquisition shall be paid in the following manner: -

	Payment Term	Timing	Consideration (RM)
(i)	Deposit	Paid upon the execution of the Agreement	3,921,175.92
(ii)	Balance purchase price	Payable within three (3) months from the date of this Agreement (“Completion Period”) with an automatic extension of one (1) month subject to the payment of interest of 8% per annum on daily basis on the unpaid balance purchase price commencing upon the expiry of the Completion Period till the date of actual payment	35,290,583.24
		Total	<u>39,211,759.16</u>

The completion of the Proposed Acquisition shall take place upon full payment of the balance purchase price made to the Vendor.

2.5 SOURCE OF FUNDING

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

2.6 LIABILITIES TO BE ASSUMED

ALB 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 vision of Scientex Group to build more affordable homes with an objective of building 50,000 affordably-priced quality homes throughout the nation by 2028. The Subject Land is 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 Land 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 Land have promising development potential.

The Proposed Acquisition would 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**

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 2020. The Proposed Acquisition is expected to enhance the future earnings of Scientex Group when the proposed development of the Subject Land 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 2020.

7. **APPROVAL/CONSENT REQUIRED**

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 condition precedent as set out in the Agreement, the Proposed Acquisition is expected to be completed in the first half of year 2020.

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 1.76%.

12. **DOCUMENT FOR INSPECTION**

The Agreement 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 17 December 2019.