

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

PROPOSED ACQUISITION BY SCIENTEX PARK (M) SDN BHD OF 5 PIECES OF FREEHOLD LAND, ALL SITUATED IN THE STATE OF SELANGOR, MEASURING IN AGGREGATE AN APPROXIMATE AREA OF 250.788 ACRES FOR A TOTAL PURCHASE CONSIDERATION OF RM207,562,538.00

1. **INTRODUCTION**

The Board of Directors of Scientex wishes to announce that Scientex Park (M) Sdn Bhd [Company No. 199301010973 (265710-D)] (“SPSB”), an indirect wholly-owned subsidiary of the Company, had on 30 August 2021 entered into a Sale and Purchase Agreement (“SPA”) with Seriemas Development Sdn Berhad [Company No. 198401010032 (122570-H)] (“Vendor”) for the proposed acquisition of 250.788 acres of freehold agricultural lands, all situated in the State of Selangor (collectively referred to as the “Lands”) for a total purchase consideration of RM207,562,538.00 only (“Proposed Acquisition”).

2. **DETAILS OF THE PROPOSED ACQUISITION**

2.1 **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 and Encik Megat Rozlan Bin Abdul Rahman. None of the Directors of the Vendor hold any direct and indirect shareholding in the Vendor.

2.2 **INFORMATION ON THE LANDS**

The Lands more particularly described in Appendix I hereto are strategically located at the fringe of Jenjarom town, Selangor. They have direct frontage of a very busy Jalan Klang-Banting Highway and are situated less than 20km from Klang town and approximately 11km from Banting town. The Lands are easily accessible from the South Klang Valley Expressway (SKVE) via Teluk Panglima Garang interchange. The Lands are also accessible from the West Coast Expressway (WCE) via Banting interchange which is under-construction and 7km in distance.

SPSB proposes to develop the Lands 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 Lands as at the date of this announcement.

The Lands will be acquired on an “as is where is” and “en-bloc” basis with vacant possession and free from encumbrances subject to all conditions of the titles, express or implied, and restrictions-in-interest endorsed on the issue document of title to the Lands and/or affecting the same and upon the terms and conditions set out in the SPA.

For further information on the Lands and the salient terms of the SPA, please refer to Appendices I and II respectively in this announcement.

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

The total purchase consideration of RM207,562,538.00 for the Lands was arrived at on a willing-buyer willing-seller basis, after taking into consideration the strategic location of the Lands and its immediate development prospects. This will allow Scientex Group of Companies (“Scientex Group”) the opportunity to create greater economic value and increase its earnings potential as it gains a better and stronger foothold in a more established Selangor property market.

There was no valuation carried out by the Company or SPSB on the Lands and the Board of Directors of the Company is unable to disclose the Vendors' net book value of the Lands as this information is not privy to the Company and SPSB.

2.4 **SOURCE OF FUNDING**

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

2.5 **LIABILITIES TO BE ASSUMED**

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

3. **RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition represents a strategic investment opportunity to increase and boost the existing landbank of Scientex Group. The Lands would provide the Group adequate landbank to sustain its property development over the medium and longer term. The positive response received by the Scientex Group for its current developments in Kundang Jaya and Rawang, Selangor indicated the resilient and robust demand for such affordable homes in the State of Selangor and Scientex Group intends to leverage on such demand to further expand its affordable homes brand name to other parts of Selangor and within the Central Region of Peninsular Malaysia generally.

Scientex Group aspires to provide affordable homes to a greater number of Malaysian families under the spirit of Keluarga Malaysia, and is targeting to complete 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 which 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, 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 years ending 31 July 2022 and 31 July 2023. The Proposed Acquisition is expected to enhance the future earnings of Scientex Group when the proposed development of the Lands come 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 2022 and 31 July 2023.

7. **APPROVAL/CONSENT REQUIRED**

The Proposed Acquisition is conditional upon fulfilment of the conditions precedent as set out in Appendix II 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 have any interest, whether 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 conditions precedent as set out in Appendix II hereto, the Proposed Acquisition is expected to be completed in the second half of year 2022.

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 8.10%.

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 30 August 2021.

APPENDIX I

INFORMATION ON THE LANDS

The Lands are freehold lands situated in District of Kuala Langat, State of Selangor as particularly described hereinbelow:

<u>Title no.</u>	<u>Mukim/ Pekan</u>	<u>Category of land use</u>	<u>Gross Land area as per issue document of title [in hectare (acre)]</u>	<u>Net area of Lands after compulsory acquisition (in hectare) and excluding the Carved Out Land (in acre)</u>	<u>Purchase price (calculated at the rate of RM19.00 per sq. ft. over the balance land area) (RM)</u>
Geran 335293 Lot 4567 Seksyen 3 ("Lot 4567")	Pekan Jenjarom	Nil	95.52 ha (approximately 236.03 a)	234.800 a	194,330,229.20
Geran Mukim 1839 Lot 421	Mukim Teluk Panglima Garang	agricultural	1.6061 ha (approximately 3.969 a)	3.750 a	3,103,650.12
Geran Mukim 1840 Lot 422			1.6061 ha (approximately 3.969 a)	3.754 a	3,106,960.68
Geran Mukim 1841 Lot 423			1.6061 ha (approximately 3.969 a)	3.757 a	3,109,443.60
Geran Mukim 1842 Lot 424			2.0108 ha (approximately 4.969 a)	4.727 a	3,912,254.40
Total			102.3491 ha (252.906 a)	250.788 a	207,562,538.00

The Lands are presently free from encumbrances. Save for the express condition of "tanaman kelapa" which is endorsed on 4 lots of the Lands, there are no restriction in interest endorsed on the issue documents of title to the Lands.

Pursuant to a sale and purchase agreement dated 11 June 2007 entered between the Vendor and K-Langat Land Sdn Bhd [Company No. 200501021875 (704005-M)] ("K-Langat"), the Vendor had disposed of a 10,000 sq. ft. land being a portion of Lot 4567 to K-Langat ("K-Langat Land"). The Vendor shall procure the subdivision of Lot 4567 into two subdivided titles ("Subdivisional Approval"), namely:

- (i) a separate title for the 1.230 acres land ("Carved Out Land") which comprising the K-Langat Land ("Carved Out Title"); and
- (ii) another title for the remainder of Lot 4567 ("Subdivided Main Lot Title").

SALIENT TERMS OF THE SPA

1. PURCHASE CONSIDERATION AND PAYMENT TERM

The total purchase consideration of RM207,562,538.00 for the Proposed Acquisition shall be paid in the following manner.

<u>Payment Term</u>	<u>Timing</u>	<u>Lands (RM)</u>
Earnest Deposit	Prior to the date of SPA	4,171,604.00
Balance Deposit	Upon execution of the SPA	16,584,649.80
Balance	On or before the Completion Period or the Extended Completion	186,806,284.20
Purchase Price	Period (both as defined in section 2.4 of Appendix II)	
Total		207,562,538.00

2. SALIENT TERMS

- 2.1 The Proposed Acquisition is conditional upon the following conditions precedent (collectively referred to as the “Conditions Precedent”) being fulfilled by the Vendor or SPSB, as the case may be, at their own costs and expense within 270 days from the date of the SPA (“Conditional Period”):
- a) To be obtained and/or fulfilled by the Vendor
 - (i) the grant of the Subdivisional Approval by the appropriate authority;
 - (ii) the issuance of the Carved Out Title and Subdivided Main Lot Title by the appropriate authority;
 - (iii) the approval or consent from Estate Land Board (“ELB”) to the transfer of the titles of the Lands to SPSB pursuant to the SPA (“ELB Approval”), if applicable.
 - b) To be obtained and/or fulfilled by SPSB
 - (i) the approval or consent from Economic Planning Unit of the Prime Minister’s Department (“EPU”) for the acquisition of the Lands pursuant to the terms of the SPA (“EPU Approval”), if necessary. In the event the EPU Approval is not required for the purpose of acquisition of the Lands, SPSB shall procure a written confirmation from EPU that the EPU Approval is not required and forward a certified true copy of the same to Vendor’s solicitors.
- 2.2 In the event that any 1 or more of the Conditions Precedent is/are not obtained for any reason whatsoever, or the appeal is not granted or has been rejected by the appropriate authority or no response from the appropriate authority is given to an appeal made by the affected party or the relevant party, as the case may be, within the Conditional Period or any other further period beyond the Conditional Period as shall be mutually agreed upon by the parties in writing for the parties to fulfil the Conditions Precedent, as the case may be, and in the absence of a mutual agreement in writing for a further extension of time, either party may terminate the SPA whereupon the deposit shall be refunded by the Vendor to SPSB within 7 business days from the notice of termination together with accrued interest.
- 2.3 The SPA shall become unconditional on the date when the last of the Conditions Precedent shall have been fulfilled in accordance to the SPA (“Unconditional Date”).
- 2.4 SPSB shall pay the balance purchase price to the Vendor on or before the period of 90 days from the date of SPA or 90 days from Unconditional Date, whichever later (“Completion Period”) or 30 days from the expiry of Completion Period or any other time period as mutually agreed between the parties in writing (“Extended Completion Period”). The date on which SPSB makes full settlement to the Vendor of the balance purchase price together with the late payment charges, if any, in accordance with the SPA shall be referred to as the Completion Date.