

GENERAL ANNOUNCEMENT

FEYTECH HOLDINGS BERHAD ("FHB" OR THE "COMPANY")

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON-RELATED PARTY TRANSACTIONS
Description	Acquisition of a portion of the freehold industrial land known as Plot 1 held under master title Hakmilik Sementara Daftar 5 (Hakmilik Pejabat Pendaftar) (formerly known as H.S.(D) 20427), PT 16880, Mukim Hulu Bernam Timor, District of Muallim, State of Perak measuring approximately 9.76 acres in area (425,145.60 square feet) (" Subject Land ") by Feytech Sdn Bhd (" FSB " or " Purchaser "), a wholly owned subsidiary of Feytech Holdings Berhad (" FHB " or the " Company ") (" Proposed Acquisition ")

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**MMLR**"), the Board of Directors of FHB wishes to announce that, FSB had on 31 May 2024 entered into a sale and purchase agreement ("**SPA**") with Proton City Development Corporation Sdn Bhd ("**PCDC**" or the "**Vendor**") for the acquisition of the Subject Land at a consideration of RM19,981,843.20 ("**Purchase Price**").

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on Vendor

PCDC is a private limited company incorporated in Malaysia on 24 January 1996 under the Companies Act 1965 with an issued share capital of RM500,000 divided into 500,000 ordinary shares. PCDC is principally engaged in the business of property development, civil and building construction.

The shareholders and directors of PCDC are as follows:

	<u>Shareholders</u>	<u>No. of shares</u>	<u>% of shareholding</u>
(a)	DHB Hartanah Sdn Bhd	200,000	40.00
(b)	HICOM Holdings Berhad	300,000	60.00
	Total	500,000	100.00

	<u>Directors</u>
(a)	Syed Faisal Albar Bin Syed A.R. Albar
(b)	Aminah Binti Othman
(c)	Azri Bin Zaharuddin

2.2 Information on the Purchaser

FSB is a private limited company incorporated in Malaysia on 1 April 2021 under the Companies Act 2016 with an issued share capital of RM300,000 divided into 300,000 ordinary shares. FSB is principally engaged in the business of manufacturing and sale of automotive seats and other parts.

The shareholder and directors of FSB are as follows:

	<u>Shareholder</u>	<u>No. of shares</u>	<u>% of shareholding</u>
(a)	Feytech Holdings Berhad	300,000	100.00
	Total	300,000	100.00

	<u>Directors</u>
(a)	Connie Go
(b)	Chua Khe Gee

2.3 Details of the Subject Land

The details of the Subject Land are set out below:

Description of the Master Land	:	One piece of freehold industrial land held under master title Hakmilik Sementara Daftar 5 (Hakmilik Pejabat Pendaftar) (formerly known as H.S.(D) 20427), PT 16880, Mukim Hulu Bernam Timor, District of Muallim, State of Perak measuring approximately 2,451,090.94 square feet
Description of the Subject Land	:	A portion of the Master Land known as Plot 1 measuring approximately 9.76 acres in area (425,145.60 square feet)
Existing Use of the Master Land	:	“Perindustrian”
Express Conditions of the Master Land	:	“Perusahaan – Industri Vendor”
Category of Land Use of the Master Land	:	“Perusahaan” (as stated in the title deed of the Master Land) / “Perindustrian” (as reflected in the private land search result in respect of the Master Land)
Independent Valuation	:	No independent valuation was carried out by the Company for the Subject Land, the Board of Directors is of the view that the Purchase Price is fair and reasonable after conducting an internal review and taking into consideration the strategic location of the Subject Land including the accessibility, suitability and development of the surrounding areas
Restriction in Interest	:	“Tanah ini hanya boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri”

Encumbrances	:	The Subject Land is presently free from all encumbrances
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2.4 Salient Terms of the SPA

- (a) The Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Subject Land at the Purchase Price:
- (i) on “*as is where is*” basis;
 - (ii) subject to the Vendor constructing and completing the basic infrastructural works and the Platform Level¹ in accordance with the terms of the SPA;
 - (iii) free from encumbrances; and
 - (iv) with vacant possession but subject to category of land use, restrictions in interest and express and implied conditions endorsed on the individual title and upon the terms and conditions hereinafter contained.

Where any extension of time is granted to the Vendor to complete the construction of the Platform Level under the terms of the SPA, the Vendor shall be liable to pay late delivery interest/liquidated damages at a rate of five per cent (5%) per annum on the deposit of the Purchase Price. For the purpose hereof, the Vendor shall, at its own cost and expense, deliver to the Purchaser a certificate from the architect or engineer in charge of the development of the Master Land (“**Development**”) (appointed by the Vendor) certifying and confirming the completion of the construction of the Platform Level in accordance with the approvals from the appropriate authorities. The Platform Level shall only be deemed completed on the date of the Purchaser’s receipt of the certificate from the architect or engineer in charge of the Development (appointed by the Vendor) certifying and confirming the completion of the construction of the Platform Level in accordance with the approvals from the appropriate Authorities.

Note:-

^{*1} “*Platform Level*” refers to a phase in land development during which the Vendor is responsible for constructing and ensuring that the surface level of the Subject Land is suitably prepared, creating a solid foundation for any development or construction activities.

- (b) In the event the Vendor fails to complete the Platform Level by 30 September 2024 (or such further extended period as may be granted by the Purchaser in writing), the Purchaser shall have the right to terminate the SPA by notice in writing to the Vendor or the Vendor’s solicitors and the following shall occur:
- (i) in simultaneous exchange for the delivery of item (ii) below, the Vendor shall refund to the Purchaser all monies paid by the Purchaser in full free of interest as soon as reasonably practicable but no later than thirty (30) days from the date of receipt of the notice of termination and comply with its obligations stipulated in sub-paragraph (iii) below;
 - (ii) the Purchaser shall return to the Vendor, all documents relating to this transaction forwarded to it by the Vendor, including the Memorandum of Transfer duly executed by the Vendor in favour of the Purchaser to effect the transfer of the Subject Land to the Purchaser (“**Transfer**”) (if the same had been delivered to the Purchaser’s solicitors) with the Vendor’s interest as registered proprietor in the Subject Land intact provided always that if the Transfer has been stamped, the Transfer may be retained by the Purchaser for return/submission of same to the collector of stamp duty for cancellation

to obtain the refund of any stamp duty paid thereof. Upon completion thereof, the Transfer shall be forwarded immediately to the Vendor subject to the receipt of the Transfer by the Purchaser or the Purchaser's solicitors from the collector of stamp duty; and

- (iii) the Vendor shall return to the Purchaser, all documents relating to this transaction forwarded to it by the Purchaser or the Purchaser's solicitors, if any.

Thereafter the SPA ceases to have any effect and becomes null and void and neither party shall have any claims against the other save and except for any antecedent breach. Each party will bear its own costs and expenses (including their respective solicitors' fees) in respect of the matters incidental to the SPA.

- (c) The Purchase Price of the Subject Land shall be payable in the following manner:

Section	Installments Payable	%	Amount (RM)
Deposit (10% of the Purchase Price)			
1.	<u>Earnest Deposit</u> Upon the execution of the letter of offer, the earnest deposit has been paid by the Purchaser to the Vendor's solicitors as stakeholders who shall be authorised to release the same to the Vendor upon the execution of the SPA	2	399,636.86
2.	<u>Balance Deposit</u> Upon the execution of the SPA, the balance deposit shall be paid to the Vendor's solicitors as stakeholders who shall be authorised to release the same to the Vendor upon the execution of the SPA	8	1,598,547.46

Section	Installments Payable	%	Amount (RM)
Balance Purchase Price (90% of the Purchase Price)			
3.	<p><u>First Tranche of Balance Purchase Price</u> The first tranche of balance purchase price shall be paid by the Purchaser to the Vendor's solicitors within thirty (30) days from the Purchaser's solicitors' receipt of the Vendor's notification on completion of the Platform Level accompanied by an invoice and the certificate from the architect or engineer in charge of the Development (appointed by the Vendor) certifying and confirming the completion of the construction of the Platform Level in accordance with the approvals from the appropriate authorities. Notwithstanding the aforesaid, the Purchaser may elect to pay the first tranche of balance purchase price to the Vendor before the same falls due in accordance with the foregoing provisions whereupon vacant possession of the Subject Land shall be delivered to the Purchaser in accordance with terms and conditions in the SPA. Save and except for the delivery of vacant possession in accordance with the terms and condition in the SPA, the Purchaser's payment of the first tranche of balance purchase price before it falls due will not in any way accelerate the other obligations of the Vendor.</p>	30	5,994,552.96
4.	<p><u>Second Tranche of Balance Purchase Price</u> The second tranche of balance purchase price shall be paid by the Purchaser within thirty (30) days upon:</p> <ul style="list-style-type: none"> i. the Purchaser's solicitors' receipt of the Vendor's notification on completion of the basic infrastructural works accompanied by an invoice and the certificate from the architect or engineer in charge of the Development (appointed by the Vendor) certifying and confirming the completion of the construction of the basic infrastructural works; or ii. the presentation of the Transfer for registration in favour of the Purchaser and presentation of the charge for registration in favour of the Purchaser's financier at the relevant land registry, <p>whichever is earlier, (whereby in the case of (i) above, 55% of the Purchase Price shall be paid to the Vendor and 5% of the Purchase Price shall be paid to and to be retained by</p>	60	11,989,105.92

Section	Installments Payable	%	Amount (RM)
	the Vendor's solicitors as stakeholders pending issuance and registration of the individual title in favour of Purchaser).		
	TOTAL:		19,981,843.20

(d) Default by the Purchaser

If the Purchaser:

- (i) fails to pay any part of the Purchase Price together with all interest, tax or other charges (if any) payable by the Purchaser under the SPA within the time stipulated for such payment under the terms of the SPA; or
- (ii) before payment in full of the Purchase Price of the Subject Land, enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntarily; or
- (iii) attempts to sell, dispose, transfer or assign or otherwise deal with the Subject Land before the completion date and/or payment in full of the Purchase Price without the prior written concurrence of the Vendor (save and except for any assignment and/or security to be created in favour of the Purchaser's financier, the creation of which shall have no direct or indirect consequence to the Vendor or the Vendor's interest in the Master Land); or
- (iv) commits a material breach of the term and/or condition of the SPA,

and such breach is for reasons not attributable to the Vendor and is not remedied by the Purchaser within fourteen (14) working days after the date of its receipt of the Vendor's written notice to the Purchaser to remedy such breach, then in any such cases the Vendor shall be entitled at its option to either:

- (aa) sue for specific performance of the SPA and all costs, expenses and damages reasonably incurred therein by the Vendor in connection thereto shall be borne and paid by the Purchaser; or
- (bb) alternatively, to annul the sale of the Subject Land and forthwith terminate the SPA and in such an event all monies paid by the Purchaser to the Vendor shall be dealt with as follows:
 - (i) firstly, all late payment interest calculated under terms and conditions mentioned in the SPA owing and unpaid shall be paid to the Vendor;
 - (ii) secondly, the deposit sum equal to ten per centum (10%) of the Purchase Price and in the case where early vacant possession of the Subject Land has been given to the Purchaser pursuant to terms and conditions of the SPA, the First Tranche of Balance Purchase Price shall be forfeited by the Vendor absolutely as agreed liquidated damages; and
 - (iii) lastly, all other monies paid by the Purchaser pursuant to the terms of the SPA (if any) shall be refunded to the Purchaser free of interest within thirty (30) days from the date of fulfilment of the Purchaser's obligations to deliver items (a), (b) and (c) under terms and conditions below.

Upon the termination pursuant to above terms and conditions, the Purchaser shall:

- (a) re-deliver vacant possession of the Subject Land to the Vendor in accordance with the terms and conditions in the SPA;
- (b) return or cause to be returned to the Vendor or the Vendor's solicitors the original individual title, the Transfer and all other documents in respect of the Subject Land (if the same has been delivered to the Purchaser and/or the Purchaser's financier's solicitors) with the Vendor's interest as registered proprietor of the Subject Land intact and free from encumbrances attributable to the Purchaser (including but not limited to encumbrances created by the Purchaser's agent and sub-contractors) or the Purchaser's financier provided that if the stamp duty on the Transfer has been paid, the Transfer may be retained by the Purchaser for return/submission of the same to the collector of stamp duty for cancellation to obtain the refund of any stamp duty paid thereon and in such event the said Transfer shall be returned immediately after such cancellation subject to the receipt of the Transfer by the Purchaser or the Purchaser's solicitors from the collector of stamp duty; and
- (c) furnish to the Vendor or the Vendor's solicitors the land search result evidencing that the caveat duly lodged or caused by the Purchaser (if applicable) and/or the Purchaser's financier against the Subject Land have been withdrawn (if the Purchaser or the Purchaser's financier has lodged a private caveat against the Subject Land),

and thereafter, the SPA shall be terminated and cease to have any further force and effect and neither party shall have any claim against the other in respect thereof save and except for any antecedent breaches and the Vendor shall be at liberty to sell or otherwise dispose of the Subject Land as the Vendor shall think fit without being liable to the Purchaser for any profit made on such sale or dealing.

- (e) Default by the Vendor

In the event:

- (i) the Vendor shall fail, neglect and/or refuse to sell and/or transfer the Subject Land to the Purchaser in accordance with the provisions of the SPA or commits a material breach of the term and/or condition of the SPA and fail to remedy such default within fourteen (14) working days from the date written notice has been issued by the Purchaser to the Vendor to demand for such remedy; and
- (b) before payment in full of the Purchase Price of the Subject Land, the Vendor enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntarily,

then the Purchaser shall be entitled at its option to either:

- (aa) to sue for specific performance of the SPA and all costs, expenses and damages incurred therein by the Purchaser in connection thereto shall be borne and paid by the Vendor;

- (bb) terminate the SPA by notice in writing to the Vendor whereupon the Vendor shall within thirty (30) days from the date of the Purchaser's fulfilment of its obligations under the terms and conditions below:
 - (i) refund or cause to be refunded to the Purchaser, the Deposit and all other moneys paid by the Purchaser free of interest; and
 - (ii) in addition to the refund of monies stipulated in sub-paragraph (i) above, pay to the Purchaser as agreed liquidated damages an additional sum equivalent to ten per cent (10%) of the Purchase Price.

Upon termination of the SPA in accordance with terms and conditions in the SPA, the Purchaser shall:

- (a) re-deliver to the Vendor vacant possession of the Subject Land in accordance with the terms and conditions in the SPA;
- (b) return or cause to be returned to the Vendor or the Vendor's solicitors the original individual title, the Transfer and all documents in respect of the Subject Land (if the same has been delivered to the Purchaser and/or the Purchaser's financier's solicitors) with the Vendor's interest as registered proprietor of the Subject Land intact and free from encumbrances attributable to the Purchaser (including but not limited to encumbrances created by the Purchaser's agent and sub-contractors) or the Purchaser's financier, provided that if the stamp duty on the Transfer has been paid, the Transfer may be retained by the Purchaser for return/submission of same to the collector of stamp duty for cancellation to obtain the refund of any stamp duty paid thereof. Upon completion thereof, the Transfer shall be forwarded immediately to the Vendor subject to the receipt of the Transfer by the Purchaser or the Purchaser's solicitors from the collector of stamp duty; and
- (c) furnish to the Vendor or the Vendor's solicitors the land search result evidencing that the caveat duly lodged or caused by the Purchaser (if applicable) and/or the Purchaser's financier against the Subject Land have been withdrawn (if the Purchaser or the Purchaser's financier has lodged a private caveat against the Subject Land),

and thereafter, the SPA shall be terminated and cease to have any further force and effect and neither party shall have any claim against the other in respect thereof save and except for any antecedent breaches and the Vendor shall be at liberty to sell or otherwise dispose of the Subject Land as the Vendor shall think fit without being liable to the Purchaser for any profit made on such sale or dealing.

3. BASIS OF AND JUSTIFICATION FOR THE PURCHASE PRICE

The Purchase Price was derived on the basis of RM47.00 per square feet based on a 'willing-buyer willing-seller' basis after taking into consideration the strategic location of the Subject Land including the accessibility, suitability and development of the surrounding areas.

4. RATIONALE AND BENEFIT FOR THE PROPOSED ACQUISITION

The Company and its subsidiaries (“**Group**”) are principally involved in the manufacturing and sale of automotive seats and automotive covers, serving major automotive manufacturers globally. The purpose of the Proposed Acquisition is to establish a new manufacturing facility.

5. PROSPECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group’s strategy to enhance the Group’s production capacity for automotive seats and automotive cover in order to meet the growing demands of the automotive industry and allowing for future expansion.

6. SOURCE OF FUNDING

The Company intends to fund the Proposed Acquisition through internally generated funds and/or bank borrowings, of which the exact quantum and the resultant proportion has not been ascertained at this juncture.

Based on internally preliminary discussion, the indicative funding composition is tabulated below:

	RM
Internally generated funds	7,992,737.28
Bank borrowings	11,989,105.92
Total	<u>19,981,843.20</u>

7. ASSUMPTION OF LIABILITY

There are no other liabilities including contingent liability and guarantee, to be assumed by the Company arising for the Proposed Acquisition.

8. RISK FACTOR IN RELATION TO THE PROPOSED ACQUISITION

The Proposed Acquisition is subject to the terms and conditions outlined in the SPA. The completion of the Proposed Acquisition is contingent upon the fulfilment or waiver of the specified conditions within the SPA.

There is a risk that the Proposed Acquisition may not be completed if these conditions are not met within the prescribed timeframe. Should the conditions not be fulfilled or waived, the SPA may be rescinded, and consequently, the Proposed Acquisition will not be completed. This outcome would prevent the Group from realising the intended benefits of the Proposed Acquisition as set out in Section 4 of this announcement. Additionally, the Group would face the loss of the transaction costs and other associated expenses incurred in relation to the Proposed Acquisition.

Notwithstanding the above, the Company will take reasonable steps to ensure that the conditions are met within the stipulated timeframe for the Proposed Acquisition to be completed in a timely manner.

9. EFFECTS OF THE PROPOSED ACQUISITION

9.1 Share capital and substantial shareholders' shareholding

The Proposed Acquisition will not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

9.2 Earnings per share, net assets per share and gearing

The Proposed Acquisition will not have any material impact on the earnings per share, net assets per share and gearing of the Group for the financial year ending 31 December 2024.

10. APPROVALS REQUIRED

Based on the the percentage ratio computaion as detailed in Section 12 below, the Proposed Acquisition is not subject to the approval of the shareholders of the Company in accordance to Chapter 10 of the MMLR or any government authorities.

11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Director and/or major shareholders of FHB and/or any persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

12. DIRECTORS' STATEMENT

The Board of Directors is of the opinion that the Proposed Acquisiton is in the best interest of the Group and that the Proposed Acquisition will not be detrimental to the interests of the minority shareholders.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition is 15.62% pursuant to paragraph 10.06 of the MMLR computed based on the Accountants' Report as at 31 December 2023 in the Prospectus dated 2 May 2024.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in second half of 2025.

15. DOCUMENT FOR INSPECTION

The SPA is available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South., No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 31 May 2024