ANNOUNCEMENT TO BURSA MALAYSIA SECURITIES BERHAD
released on 15 July 2013

MEDA INC BERHAD ("MEDA" OR THE "COMPANY")

PROPOSED ACQUISITION OF TWO PLOTS OF LEASEHOLD LAND HELD UNDER H.S.(D) 241037, PT 9926 AND H.S.(D) 241038, PT 9927 IN PEKAN BARU SUNGAI BULOH, DISTRICT OF PETALING, STATE OF SELANGOR, MEASURING AN APPROXIMATE AGGREGATE OF 29,728 SQUARE METERS ("THE LAND") FOR A PURCHASE CONSIDERATION OF RM75.2 MILLION TO BE SATISFIED VIA RM50.0 MILLION IN CASH AND THE BALANCE VIA PAYMENT IN-KIND, I.E. COMMERCIAL BUILDING(S) TO BE CONSTRUCTED ("BUILDING") ON PART OF THE LAND

1.0 INTRODUCTION

On behalf of the Board of Directors of MEDA ("**Board**"), KAF Investment Bank Berhad ("**KAF**") wishes to announce that Purple Heights Sdn Bhd ("**PHSB**" or "**Purchaser**"), a wholly owned subsidiary company of MEDA had on 15 July 2013 entered into a conditional sale and purchase agreement ("**SPA**") with Signature Cabinet Sdn Bhd ("**SCSB**" or "**Vendor**") for a proposed acquisition of all those pieces of land held under H.S.(D) 241037, PT 9926, Pekan Baru Sungai Buloh, District of Petaling State of Selangor ("**Land 1**") measuring 16,222 square meters and H.S.(D) 241038, PT 9927, Pekan Baru Sungai Buloh, District of Petaling State of Selangor ("**Land 2**") measuring 13,506 square meters (Both Land 1 and Land 2 shall collectively be referred to as "**Subject Property**") for an aggregate consideration of RM75,200,000 ("**Proposed Acquisition**").

2.0 DETAILS OF THE PROPOSED ACQUISITION

2.1 Background information on the Proposed Acquisition

Pursuant to the SPA, the Vendor has agreed to sell and PHSB has agreed to purchase the Subject Property for a total purchase consideration of RM75,200,000 ("**Purchase Price**") calculated based on RM2,529.60 only per square meter, upon the terms stipulated in the SPA.

The purchase consideration shall be satisfied via two forms, a major sum of RM50,384,000 (representing 67% of the purchase consideration) fully in cash and RM24,816,000 (representing 33% of the purchase consideration) by payment in-kind i.e. commercial building(s) to be constructed on part of the land to the Vendor. The Purchaser shall be applying for a loan from a building society or bank or financial institution ("**Purchaser's Financier**") on the security of a charge over the said Subject Property to assist them in the purchase of the said Subject Property.

2.2 Details of the Subject Property

The Subject Property comprises two (2) plots of leasehold land with postal address of Lot 24, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor for Land 1 and Lot 2, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor for Land 2 measuring in aggregate approximately 29,728 square meters.

Further details of the Subject Property, where relevant, are as set out below:-

Registered owner	:	Signature Cabinet Sdn Bhd (Company No. 300330-A)
Tenure	:	Leasehold with a term of 99 years expiring on 18 October 2106
Existing structural building	:	(1) Land 1 - Two (2) storey office building, production plant and warehouse (2) Land 2 - Two (2) storey office building, showroom, training room, production plant and warehouse

Age of the building		(1) Land 1 - Approximately seven (7) years (2) Land 2 - Approximately five (5) years
Category of land use	:	Industrial (present)
Land area for Land 1/Land 2	:	(1) Land 1 - 16,222 square meters (2) Land 2 - 13,506 square meters
Proposed usage	:	Upon completion of the Proposed Acquisition, PHSB intends to develop the Lands into a mixed development comprising high and low-rise service apartments and shoplots
Market value	:	* RM75.055 million based on the assumption that the Subject Property are under commercial land use
Latest audited net book value	:	RM40,870,000 as at 30 June 2012
Encumbrances of Land 1/Land 2	:	(1) Land 1 is currently charged to HSBC Amanah Malaysia Berhad ("**Vendor's Financier**"). Private caveat by Vendor's Financier registered under Presentation No. 56413/2011 registered on 28 October 2011 (2) Land 2 is free from encumbrances

Note:-

* *Based on a certificate of valuation preceeding valuation report dated 3 July 2013 from Messrs KGV International Property Consultant (M) Sdn Bhd ("**Messrs KGV**" or "**Valuer**"), an independent firm of registered valuers appointed by MEDA.*

Information of the proposed development on the Lands, which is still preliminary at this juncture and may be subject to further changes, is as set out below:-

Type of development	:	Mixed development comprising high and low-rise service apartments and shoplots
Expected gross development value	:	Approximately RM400 million
Expected commencement and completion date of development	:	Commencing in 2015 and expected completion in 2019
Current stage or percentage of completion	:	Signing SPA
Status of approvals for development and date obtained	:	Not applied yet

2.3 Information on the Purchaser

2.3.1 Corporate Information

PHSB, a wholly-owned subsidiary of MEDA, was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 15 February 2013. It is presently dormant. The intended principal activity of PHSB is property development.

The authorised share capital of PHSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM2.00 each have been issued and fully paid-up.

2.4 Information on the Vendor

2.4.1 Corporate Information

SCSB, a wholly-owned subsidiary of Signature International Berhad, is a company incorporated in Malaysia under the Companies Act, 1965 on 14 May 1994. The authorised share capital of SCSB is

RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares have been issued and fully paid-up. The principal activity of SCSB is retailing of design, marketing and distribution of kitchen systems, wardrobe systems and built-in kitchen appliances.

2.4.2 Information on the directors and shareholders

The directors of SCSB are Chooi Yoey Sun and Tan Kee Choong and SCSB is wholly owned by Signature International Berhad.

2.5 Basis of arriving at the Purchase Price

The Purchase Price was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:

(i) the market value of the Subject Property of RM75.055 million as per a certificate of valuation preceeding full report dated 3 July 2013 issued by Messrs KGV, an independent valuer appointed by the Company. The valuation was carried out based on 'Comparison Approach' method of valuation on the assumption that the Subject Property is under commercial title;

(ii) the Purchase Price represents a premium of RM145,000 or 0.2% over the abovementioned market value.

The valuation report will be submitted to Bursa Malaysia Securities Berhad as soon as it is made available by Messrs KGV.

2.6 Salient terms and conditions of the SPA

The salient terms of the SPA are as set out below:-

(i) **Purchase Price**	:	RM75,200,000 (at the rate of RM2,529.60 per square meter)
(ii) **Salient Payment Terms:**		
Earnest Deposit	:	RM1,504,000 (equivalent to 2.0% of the Purchase Price) shall be part payment towards the Purchase Price on the execution of this SPA.
Payment of Balance Deposit	:	RM1,504,000 ("**Balance Deposit**") (equivalent to 2.0% of the Purchase Price) shall be paid within 7 days from the date all the Conditions Precedent (as mentioned in (iii) below) have been fulfilled which shall be referred to as "**Unconditional Date**". Earnest Deposit and Balance Deposit shall hereinafter collectively be referred to as "**Deposit**".
Balance Purchase Price	:	In this context, "**Transfer**" shall have the meaning of valid and registrable instrument of transfer in favour of the Purchaser in respect of the Subject Property. (1) RM47,376,000 ("**Balance Cash Portion**")(equivalent to 63.0% of the Purchase Price) shall be paid or caused to be paid by Purchaser to Messrs Wong Beh & Toh, Advocates & Solicitors ("**Vendor's Solicitors**") as stakeholder on or before 3 months from the date of receipt of Vacant Possession Notice by the Purchaser ("**Initial Period**") in the following manner: (a) Payment of the full amount of the Balance Cash Portion ; or (b) In the event that the Purchaser shall apply to the Purchaser's Financier for a credit facility ("**Loan**") on the security of a charge ("**Purchaser's Financier's Charge**") over the Subject Property to assist the Purchaser in the purchase of the property, the Purchaser shall obtain and cause:- (i) a letter of undertaking ("**Purchaser's Financier's**

Undertaking") from the Purchaser's Financier to the Vendor, stating that the Purchaser's Financier shall be authorised by the Purchaser to pay the Vendor the loan sum approved by the Purchaser's Financier ("**Loan Sum**") on or before the Initial Period towards account of the Purchase Price to the Vendor's Solicitors as stakeholders;

(ii) the amount of the difference ("**Difference Payment**") between the Balance Cash Portion price and Loan Sum to the Vendor's Solicitors as stakeholder;

(iii) the Vendor shall on request by the Purchaser's Financier undertake in writing to the Purchaser's Financier to refund or cause to be refunded to the Purchaser's Financier the Loan Sum released by the Purchaser's Financier in the event that the Transfer in favour of the Purchaser cannot be registered for any reason whatsoever resulting in the non- registration of the Purchaser's Financier's Charge ("**Undertaking to Refund**"); and

(iv) receipt by the Vendor's Solicitors that the security documents have been duly stamped,

PROVIDED THAT in the event that the Balance Cash Portion or any part thereof is not paid within the Initial Period, the Vendor shall automatically grant to the Purchaser an extension of 1 month ("**Additional Period**") from the expiry of the Initial Period to pay the Balance Cash Portion or such part thereof with interest ("**Interest**") at the rate of 5% per annum on the amount of the Balance Cash Portion or such part thereof remaining outstanding commencing from the first day of the Additional Period until the date of full payment of the Balance Cash Portion in the manner describe in the section Payment of Balance Deposit hereof. The Interest shall be determined or calculated on the basis of the actual number of days elapsed and a 365 day year and shall accrue from day to day.

AND PROVIDED THAT nothing in part (1)(b) above shall be taken to mean that completion of the sale of the Subject Property by the Vendor to the Purchaser is subject to the Purchaser obtaining the Loan Sum and completion of the sale of the Subject Property by the Vendor to the Purchaser shall occur only on the Completion Period; and

(2) The final balance sum of RM24,816,000 only being 33% of the Purchase Price will be paid in kind by way of the Purchaser constructing and delivering to the Vendor the New Buildings (as defined in section 2.8) together with the New Buildings' Land (as defined in section 2.8) in the manner and in accordance with the terms and conditions contained in the SPA of value not less than RM25,000,000 only within the Completion Period.

In the event that the purchaser shall apply for the Loan, the Vendor shall on request by the Purchaser's Financier undertake in writing to the Purchaser's Financier to refund or cause to be refunded to the Purchaser's Financier the Loan Sum released by the Purchaser's Financier in the event that the Transfer in favour of the Purchaser cannot be registered for any reason whatsoever resulting in the non-registration of the Purchaser's Financier's Charge.

The Vendor shall within 14 days from the date of receipt by the Vendor's Solicitors of the Purchaser's Financier's written notification that the Purchaser has obtained the Loan and request for the Undertaking to Refund ("**Notification Date**"), forward to the Purchaser's Financier the undertaking to refund. Any delay in excess of the aforesaid 14 days shall be excluded from the computation of the Initial Period or the Additional Period.

(iii) **Conditions Precedent** : (1) the Vendor obtaining the consent from any Federal, State or Local Government , semi-government, quasi-government or other bodies with authority to exercise its rights or jurisdiction in connection with or affecting the Subject Property, the development on the Subject Property and/or any matter arising out of the terms of this SPA (“**Appropriate Authorities**”) to transfer the Subject Property from the Vendor in favour of the Purchaser (“**State Authority’s Consent**”) and shall within 1 month from the date of this SPA submit its application to the Appropriate Authorities for the State Authority’s Consent;

(2) compliance with and satisfaction of such other conditions as may be stipulated or imposed by the State Authority's Consent or any governmental or regulatory or supervisory authority or agency or department in connection with or arising from the sale and purchase of the Subject Property;

(3) the Vendor obtaining its shareholder's approval for the sale of the Subject Property pursuant to section 132C of the Companies Act, 1965 (“**Act**”) within three (3) months from the date this SPA;

(4) the Purchaser obtaining its shareholder's approval for the purchase of the Subject Property pursuant to the section 132C Act within three (3) months from the date this SPA;

(5) the Purchaser shall be responsible to obtain the consent and/or approval of the Appropriate Authorities for the re-development of the Subject Property in accordance with the Layout Plan (“**Development Approval**”). The Purchaser shall no later than 14 days (after the consents in (1) and (2) been obtained) submit to the Appropriate Authorities for the Development Approval.

(iv) **Completion Period** : Thirty six (36) months from the date of the approval of the development plans by appropriate authorities or thirty six (36) months from the date of actual vacant possession of the Subject Property, whichever is later.

(v) **Fulfilment of the conditions precedent** : It is expressly agreed that the sale and purchase of the Subject Property is conditional upon and subject to the conditions precedent being fulfilled not later than 9 months from the date of the execution of the SPA, unless extended by parties mutually (“**Cut Off Date**”):

(1) In the event that any of the Conditions Precedent described above is not fulfilled by the Cut Off Date, the date for fulfilment of these said Conditions Precedent shall automatically be extended for further 3 months from the Cut Off Date and thereafter, for such longer period subject to consent of both parties.

(2) In the event that any of the Conditions Precedent described under Conditions Precedent above is not fulfilled by the Cut Off Date or any extension thereof, this SPA shall be terminated.

(vi) **Delivery of Vacant Possession** : Vacant possession shall be delivered to the Purchaser within twelve (12) months from the Unconditional Date or an extended period of six (6) months thereof provided always that the Vendor is to serve on the Purchaser a written notice of not less than three (3) months ("**Vacant Possession Notice**") notifying the Purchaser that the Vendor is ready and able to deliver vacant possession of the Subject Property to the Purchaser on a date stipulated in the Vacant Possession Notice ("**VP Delivery Date**").

2.7 Source of funding

The purchase consideration for the Proposed Acquisition will be funded by internally generated funds of MEDA and bank borrowings. The exact mix of borrowings and internally generated funds will be decided by management of the MEDA at a later date after taking consideration the gearing level, interest cost and cash requirement for its business.

2.8 Development of New Buildings

Subject to the approvals of relevant authorities, MEDA intends to settle the final balance sum of RM24,816,000 only being 33% of the Purchase Price will be paid in kind by way of constructing and delivering to the Vendor the shop buildings with built up area approximately 47,065 square feet comprising 6 units of 4 storey shop-office building and 2 units of 5 storey shop-office building ("**New Buildings**") together with the New Buildings' land approximately 4,032 square meter ("**New Buildings' Land**") in the manner and in accordance with the terms and conditions contained herein of value not less than RM25,000,000 only within the Completion Period. The development is expected to commence in early 2015.

2.9 Assumption of liabilities

Save as disclosed below, there are no liabilities, including contingent liabilities and guarantees, to be assumed by MEDA and PHSB arising from the Proposed Acquisition:

- As security for the delivery of the New Buildings and the title or titles to the New Buildings' Land, MEDA has on even date given a corporate guarantee in favour of the Vendor for the value of the payment in-kind of RM24,816,000 ("**Corporate Guarantee**").

3.0 RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is part of MEDA's plan to selective replenish its land bank especially in Klang Valley in order to sustain its core business as property developer. The Proposed Acquisition is also envisaged to contribute positively to the future earnings of the MEDA.

4.0 EFFECTS OF THE PROPOSED ACQUISITION

4.1 Share capital

The Proposed Acquisition does not have any effects on the share capital of the Company.

4.2 Earnings and earnings per MEDA Share

The Proposed Acquisition is not expected to have any material effects on the earnings of the Group.

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4.3 Net assets ("NA") and gearing

For illustration purposes only, the proforma effects of the Proposed Acquisition on the consolidated NA, NA per share and gearing of MEDA based on the latest audited consolidated financial statements of MEDA for the financial year ended 31 December 2012 are as follows:-

	Audited as at 31 December 2012 RM'000	**After the Proposed Acquisition RM'000**
Share capital	228,425	228,425
Share premium	8,020	8,020
Treasury shares	(1,964)	(1,964)
Warrants reserve	11,993	11,993
Revaluation reserve	6,117	6,117
Accumulated losses	(54,322)	(54,322)
Shareholders' equity/ NA	**198,269**	**198,269**
No. of ordinary shares of RM0.50 each in issue	456,850,000	456,850,000
NA per ordinary share (RM)	0.43	0.43
Borrowings (RM) *	37,661,000	82,781,000
Gearing (times)	0.19	0.42

Note:-

* *Assumed borrowing for the acquisition is 60% of RM75,200,000 = RM45,120,000.*

4.4 Substantial shareholders' shareholdings

The Proposed Acquisition is not expected to have any effect on the Company's substantial shareholders' shareholdings.

5.0 PROSPECTS OF THE SUBJECT PROPERTY

5.1 Overview of the Malaysian economy

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5% - 5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. The growth projection is premised upon the expectation of an improvement in the resolution of the debt crisis in the euro area and stronger growth momentum in the economies of Malaysia's major trading partners. Domestic demand is expected to maintain its strong momentum driven by robust private investment and strong private consumption. Private sector activity will be supported by an accommodative monetary policy in an environment of low inflation coupled with a robust financial sector. Recovery in the external sector, particularly increasing external demand from regional economies and major trading partners will further provide the impetus for a private-led growth. The overall public expenditure is expected to increase, led by higher Non-Financial Public Enterprises' capital investment which will further augment growth. Thus, nominal gross national income per capital is expected to increase 6.4% to RM32,947 (2012: 4.4%; RM30,956). In terms of purchasing power parity, per capita income is expected to grow 4.4% to reach USD16,368 (2012: 3.2%; USD15,676). Given that domestic economic activity is expected to strengthen further in 2013, inflation is estimated to increase moderately, partly mitigated by further capacity expansion in the economy. The key supply side factors that will influence inflation, namely prices of energy and food commodities are expected to ease during the first half of 2013, but are likely to trend up during the second half on the assumption that global growth continues to pick up pace. Hence, for 2013, the average inflation rate is estimated to be between 2% to 3%.

(Source: Ministry of Finance Malaysia, Economic Report 2012/2013)

5.2 State of property market

Economic growth in Malaysia in 2012 has been primarily from the services and manufacturing sectors with construction playing a stronger role. Manufacturing output especially domestic-oriented industries will expand steadily with continuing strong domestic demand. However, export oriented industries are expected to moderate in line with the weak global economy. This could slowdown the growth.

The manufacturing sector expanded 5% in 1H2012 and attracted RM5.7 billion FDI in 1Q2012 which was a slight drop compared to 4Q2011. The electrical and electronics sub-sector rebounded while the chemicals sub-sector and petroleum sub-sector also rose 9.9% and 7.1% respectively in 1H2012. The growth of these sub-sectors has benefitted industrial areas in new corridors especially Northern and Eastern Corridors of the Economic Regions.

The construction-related materials sub-sector grew 5.7% driven by on-going infrastructure and high impact projects. Similarly driven the transport equipment sub-sector turned around sharply by 13.7% in 1H2012.

In 1H2012, gross exports expanded 3.3% to RM409.3 billion while gross imports increased 8.2% to RM354.6 million. External trade continues to be a major component of the economy but is no longer a significant driver of economic growth.

Taking into account the weak external sector but resilient domestic economy, prospects for the Malaysian economy growth in 2012 are expected to improve slightly to 4.9% in 2012 (Source: Business Times/ RAM, January 28, 2013).This would provide support for the continuing strength of the retail sector of the property market.

(Source: CH Williams Talhar & Wong: Property Market 2013)

5.3 Overview and outlook of the Malaysian property investment and development market

The Malaysian property market continued to grow albeit at a slower pace. The review period registered 217,135 transactions worth RM69.05 billion. Against a corresponding period, the volume and value of transactions recorded a modest increase of 1.1% and 6.5% respectively (H1 2011:214,778 transactions; RM64.81 billion). In comparison with the preceding period, the market recorded a marginal increase of 0.7% in volume whilst the value dropped by 5.4% (H2 2011:215,625 transactions; RM73.02 billion).

On the market activities, all sub-sectors except industrial recorded modest increments compared to the corresponding half year of 2011. Development land recorded highest increase of 5.5%, followed by residential (1.5%), agricultural (0.4%) and commercial property sub-sectors (0.2%). Industrial sub-sector on the other hand recorded negative trend of 9.6%. Against the preceding half year, development land, agricultural and residential property sub-sectors recorded growths of 8.9%, 5.3% and 0.2% respectively. On the contrary, industrial and commercial property sub-sectors registered decreases of 10.0% and 6.4% respectively.

During the review period, 16 office buildings were completed, injecting another 120,234 square meter of office space. The numbers added to the existing stock 2,299 buildings with the total area of 17.56 million square meter. Despite the increment, the performance of this sub-sector remained firm. The occupancy rate recorded 83.8%, slightly lower than the preceding period (84.0%) but higher than corresponding period (83.2%). The take-up space remained positive at 68,971 square meter (H1 2011: 222,003 square meter; H2 2011: 406,595 square meter).

(Source: Property Market Report First Half 2012, Valuation and Property Services Department, Ministry of Finance)

5.4 Overview of condominium sector

The influential force that is creating demand for properties in Klang Valley is ETP initiated by the government to transform Malaysia. We expect more foreign companies to invest in the country and consequently, increase the entry of more expatriates and demand for up-market residences, including condominiums.

For the condominium sector, there was a marked slowdown in completions within Kuala Lumpur as most projects completed in the last two years have yet to achieve near full occupancy. Compared to our earlier projection of 2,900 units being completed in 2012, about 1,150 units had been completed as at 2012 with another 1,750 of our projected new supply still remaining uncompleted. As expected, prices, occupancy rates and rental levels are lower and in some cases yields of 2% have been observed.

On the demand side, the sales rate was stable. Many developers introduced a new financial package known as the Developer's Interest Bearing Scheme (DIBS) as one of their new marketing strategies to stimulate sales.

As at 2012, the total supply of luxury condominium in Kuala Lumpur increased by 5% from 21,771 units (135 developments) in 2011 to 22,925 units (139 developments). (4) developments were completed namely The Crest JSI, The Pearl @ KLCC and St Mary Residences all located within the Golden Triangle (GT) area of CKL as well as Katana II located within Ampang Hilir / U-Thant (AH/UT).

Of the existing supply, 12,327 were condominium units in 97 developments (or 53.8% of total existing supply) and 10,598 were serviced residences (inclusive of SOHO developments) in 42 developments (or 46.2% of total existing supply).

The average occupancy rate for the existing luxury condominium in most areas had improved since early 2012 where more units were taken-up due to the lesser launches as well as the slowdown in completions for most projects. Overall, the average occupancy rate for existing luxury condominium in KL was recorded at 66.7% during the review period, showing an increase of 3.8% since 2011. Both condominiums and serviced residences also recorded an upward trend registering occupancy rates at 67.8% and 65.3%, in 2012, an increase of 3.4% and 3.9% from 2011 respectively.

The overall luxury condominium sector will continue to face stiff competition and will exert pressure in terms of rentals and occupancy rates. The general market had seemed to be growing at a slower pace as a result of fewer project launches compared with year 2011. Many developers will target foreign buyers under the MM2H program as Malaysian properties are still considered relatively cheap to those in Singapore, Hong Kong and Europe.

(Source: CH Williams Talhar & Wong: Property Market 2013)

5.5 Prospects of the Lands

The Lands is strategically located in the fast-maturing and affluent township of Kota Damansara. The population here comprises professionals and business people in the middle to upper class income segments and therefore, the demand for premium quality housing is expected to be strong. Located nearby are popular shopping centres such as IKEA, One Utama as well as prestigious office addresses such as One Avenue and Surian in which can be found MNCs such as KPMG and Nestle.

Just a stone-throw from the site is the SEGi University, Sri KDU School and the Tropicana Medical Centre according the location not just conveniences for the home-buyers but also a very attractive investment opportunities for the investors further enhancing the attractive of the project.

Accessibility around the site is excellent. In addition to existing direct connections to the NKVE and Penchala Link, an MRT station is currently under-construction about 5 minutes' walk from the site as well as an interchange of the Damansara-Shah Alam Highway (DASH). These 2 developments will further add to the development value of the site.

(Source: Management of MEDA)

6.0 RISK FACTORS

The following are risk factors that may arise from or associated with the Proposed Acquisition (which may not be exhaustive):-

6.1 Non-completion of the Proposed Acquisition and delay in getting approvals from the relevant authorities

In the event any of the conditions precedent of the SPA is not fulfilled, the Proposed Acquisition cannot be completed. In addition, the conditions precedent also involve getting approval from the relevant authorities for the re-development of the Land, which may be subject to delay beyond the agreed period or any such extension to be mutually agreed, for fulfilment of the conditions precedent as per the terms of the SPA. Such delay beyond the period(s) is not within the control of MEDA and may cause the Proposed Acquisition not to be completed. However, the conditions precedent are customary in transactions of this nature and the Board is not aware of circumstance or facts within its control that may cause the non-completion of the Proposed Acquisition.

6.2 Contractual risks over a long period

The completion of the SPA and Proposed Acquisition will be over a period of more than 4 years and over such period, MEDA may be subject certain contractual risks such a specific performance or payment of liquidated damages for, amongst others, delay and/or failing to deliver the New Buildings within the Completion Period or in the event of its non-fulfilment of its obligation under the SPA. The Company shall endeavour to fulfil the terms of the SPA and ensure performance of its part of the obligation under the SPA.

6.3 Borrowing risks

PHSB intends to part finance the Proposed Acquisition vide external bank borrowings. As such, PHSB may be exposed to risk of having insufficient funds to meet its financial repayment commitments on time as part of the Purchase Price will be funded through external bank borrowings.

The Board and the management of PHSB will seek to mitigate the aforesaid risks by taking into consideration the gearing level, interest cost as well as internal cash requirements of the Company in determining the optimal funding structure for the Proposed Acquisition.

7.0 APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals being obtained:-

(a) the shareholders of MEDA at an EGM to be convened;

(b) the relevant state authority; and

(c) any other relevant authorities (if applicable).

The Proposed Acquisition is not conditional upon any other corporate proposals undertaken or to be undertaken by MEDA.

8.0 PERCENTAGE RATIOS

Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities, the highest percentage ratio applicable to the Proposed Acquisition is 37.93%, based on the latest audited financial statements of MEDA for the financial year ended 31 December 2012.

9.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders and/or persons connected to the Directors and/or major shareholders of MEDA would have any interest, direct or indirect, in the Proposed Acquisition.

10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale and justifications, financial effects, valuation and risks associated with the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

11.0 ADVISER

The Board has appointed KAF as the Adviser for the Proposed Acquisition.

12.0 SUBMISSION TO THE AUTHORITIES

The applications to the relevant authorities are expected to be made within one (1) month from the date of this announcement.

13.0 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, vacant possession is expected to be completed within twenty-one (21) months from the date of SPA (or such other extended time to be mutually agreed) and the New Buildings is expected to be completed within thirty-six (36) months from approval of development plans by the appropriate authorities or thirty-six (36) months from the date of actual vacant possession.

14.0 DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the Corporate Guarantee are available for inspection at the registered office of MEDA at No. 11, USJ Sentral, Jalan USJ Sentral 3, Persiaran Subang, 47600 Subang Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (excluding public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 15 July 2013.