

TECK GUAN PERDANA BERHAD
Registration No. 199401021418 (307097-A)

Type : **Announcement**
Subject : **Transactions (Chapter 10 of Listing Requirements): Non-Related Party Transactions**
Description : **SALE AND PURCHASE AGREEMENT (“AGREEMENT”) BETWEEN CHEE SU YU & SONS SDN. BHD. (HEREINAFTER REFERRED TO AS “THE VENDOR”) AND TAWAU COCOA ESTATE SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF TECK GUAN PERDANA BERHAD (HEREINAFTER REFERRED TO AS “THE PURCHASER”) FOR THE PURCHASE OF ONE (1) PARCEL OF LAND MEASURING APPROXIMATELY 500.5 ACRES HELD UNDER COUNTRY LEASE NO. 075323661 SITUATED AT MILE 32, LABUK ROAD, IN THE DISTRICT OF SANDAKAN, SABAH INCLUDING MATURED OIL PALMS, CROPS, TREES AND PLANTS, ALL BUILDINGS, STRUCTURES, FIXTURES AND FITTINGS THEREON (HEREINAFTER REFERRED TO AS “THE PROPOSED ACQUISITION”).**

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of Teck Guan Perdana Berhad (“**Teck Guan Perdana**” or “**the Company**”) wishes to announce that Tawau Cocoa Estate Sdn. Bhd. (“**Tawau Cocoa Estate**” or “**the Purchaser**”), a wholly-owned subsidiary of the Company, had on 7 June 2022, entered into a Sale and Purchase Agreement (“**Agreement**”) with Chee Su Yu & Sons Sdn. Bhd. (“**the Vendor**”) for the purchase of one (1) parcel of land measuring approximately 500.5 acres held under Country Lease No. 075323661 situated at Mile 32, Labuk Road, in the district of Sandakan, Sabah including matured oil palms, crops, trees and plants, all buildings, structures, fixtures and fittings thereon (referred to as “**the Proposed Acquisition**”) at a purchase price of RM15,015,000.00 (“**Purchase Consideration**”) (exclusive of Sales and Services Tax (“**SST**”), stamp duty and legal fees) and upon the terms and conditions therein contained.

2. THE SALES AND SERVICES TAX, STAMP DUTY AND LEGAL FEES

The quantum of the Sales and Services Tax, stamp duty and legal fees are as follow:

1. Sales and Services Tax: RM 2,349.00
2. Stamp duty: RM 584,640.00
3. Legal fees: RM 39,330.00

The Purchaser hereto shall be solely responsible for the said payment.

3. INFORMATION ON TAWAU COCOA ESTATE AND THE VENDOR

(i) Information on Tawau Cocoa Estate

Tawau Cocoa Estate (Registration No. 197501002100 / 23938-P) is a private company limited by shares and was incorporated in Malaysia on 15 July 1975. The company is principally involved in the operation of oil palm and cocoa plantations, and having its place of business located at KM 40, Jalan Apas – Quoin Hill, 91000 Tawau, Sabah.

Tawau Cocoa Estate is a wholly-owned subsidiary of Teck Guan Perdana and the Directors of Tawau Cocoa Estate are Mr. Tham Vui Vun, Ms. Hong Kun Yee, and Ms. Ozie Hong.

(ii) Information on the Vendor

Chee Su Yu & Sons Sdn. Bhd. (Registration No. 197901005967 / 50250-A) is a private company limited by shares and was incorporated in Malaysia on 3 September 1979. The company is principally involved in operation of an oil palm plantation, and having its place of business at Sanny Estate, Mile 1½, (TL900), Labuk Road, 90000 Sandakan, Sabah.

The Board of Directors of Chee Su Yu & Sons Sdn. Bhd. are Chee Yong Min @ Mathew, Fong Ah Moi @ Fong Sin Moi and Chiew Chiew Yun and the shareholders/members and their respective shareholdings are as follows:-

Names	Shareholdings (%)	No. of Shares Held
Fong Ah Moi @ Fong Sin Moi	25.0%	50
Chee Yong Min @ Mathew (joint holder Annie Chee Kim Liam, Francois Chee @ Chee Lee Ming, Philip Chee)	19.0%	38
Philip Chee Lip Ming (deceased)	18.0%	36
Chiew Chiew Yun	15.0%	30
Theresa Fung Suk Yin (deceased)	15.0%	30
Joyce Chee How Tze	7.5%	15
Chee Yong Min @ Mathew	0.5%	1
Total:	100.0	200

(Tawau Cocoa Estate and the Vendor are collectively referred to as “the Parties”)

4. DETAILS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are as follows:

Date of Agreement	: 7 June 2022
Registered owner	: Chee Su Yu & Sons Sdn. Bhd. (Registration No. 197901005967 / 50250-A)
Title particulars	: Country Lease No. 075323661 situated at Mile 32, Labuk Road, in the district of Sandakan, Sabah
Category of land use	: Agriculture (cultivation of coconuts and oil palm)
Existing use and description	: The Proposed Acquisition is currently planted with matured oil palms (485 acres) and the rest are facilities (15.5 acre). 1. Oil palms with YOP 2007: 100 acres 2. Oil palms with YOP 2002: 385 acres 3. Facilities, Wooden houses: 0.5 acres (2 units) 4. Facilities, Roads and boundary: 15 acres
Encumbrances	: The Proposed Acquisition is currently free from any encumbrance with no restriction in interest
Tenure	: 99 years, expiring on 31 December 2070
Total land area	: Approximately 500.5 acres (202.5 hectares)

The future plans for the matured oil palm estate are as follow:

1. The immediate plan upon vacant possession of the land is to maintain and rehabilitate the present oil palm and if necessary, replant the current unproductive oil palm areas by phase.
2. Buildings, structures, fixtures and fittings will be maintained and upgraded to be used as estate facilities.

5. BASIS OF ARRIVING AT THE PURCHASE PRICE

Basis of arriving at RM15,015,000.00;

- i. The Proposed Acquisition's Purchase Consideration of RM15,015,000.00 or at the rate of RM30,000 per acre was arrived at on a willing buyer-willing seller basis. Past transactions of oil palm lands in Sungai Segaliud, District of Sandakan were transacted at RM32,500 per acre. Locality of these lands are approximately 72 km by road to the Sandakan Municipal Centre.
- ii. The acquisition is also consistent with the growth plan of the Company and its subsidiaries to continue to expand its land bank when good business opportunities arise, as the acquisition is expected to increase the Company's plantation land bank by almost 17.7% from approximately 1,145 Hectares to 1,348 Hectares. Furthermore, the management of the Company is of the view that the acquisition represents a strategic investment, after taking into consideration of the followings:-
 - a) Good accessibility beside Pan Borneo Highway providing economies of scale through operational and infrastructure synergies as well as availability of human resources and experienced management and strategic location of approximately 48 km from the main town of Sandakan, Sabah;
 - b) Big parcel size of land, good localized weather, good location to nearby palm oil mills, future potential, availability of public services and development of surrounding areas; and
 - c) The said Proposed Acquisition is mainly low hills and minor valley floors with 0°-15° slope (Rumidi soil association) intersected by moderate hills of 0°-20° slope (Kretam soil association) at the eastern, south-eastern and southern borders. Both Rumidi and Kretam soil associations are suitable for oil palm agriculture.

Tawau Cocoa Estate has not commissioned any independent valuation of the Proposed Acquisition prior to entering into the Agreement. However, the Board of Director of Tawau Cocoa Estate is of the view that the Purchase Consideration is fair and reasonable and the acquisition is in the best interest of the Company's future strategic plan.

In view of the above, the Proposed Acquisition is expected to contribute positively to the earnings as well as the shareholders' value of the Company in the medium to long term.

6. FINANCIAL INFORMATION ON THE ACQUISITION

The Board is unable to disclose the net profits attributable to assets and net assets or net book value of the Proposed Acquisition as it is not privy to this information.

7. SALIENT TERMS OF THE AGREEMENT

- (i) The Vendor declares that as at the date of this Agreement the said Proposed Acquisition is free of all encumbrance.
- (ii) The Vendor is desirous of selling and the Purchaser is desirous of purchasing the said Proposed Acquisition with the Vendor's right, title, interest, advantage and benefit in and to the Original Registered Title Deed of the said Proposed Acquisition and free from all encumbrances, caveats, liens, claims whatsoever and with vacant possession but subject to all conditions whether expressed or implied and all restrictions in interest contained in the document of title and upon the terms and conditions hereinafter contained.
- (iii) The Purchaser has inspected the said Proposed Acquisition and is fully satisfied with the condition of the same and is purchasing the said Proposed Acquisition on an "as is where is" basis.
- (iv) Prior to the execution of this Agreement, the Purchaser has paid the sum of RM150,150.00 (hereinafter referred "the Earnest Deposit") to the Vendor, the receipt of which the Vendor hereby acknowledges.
- (v) Upon execution of this Agreement, the Purchaser shall pay the sum of RM1,351,350.00 (hereinafter referred "the Balance Deposit") to the Purchaser's Solicitors with irrevocable instructions to forthwith release the same to the Vendor via the Vendor's Solicitors, subject to deduction of RM450,450.00 (hereinafter referred "Retention Sum").
- (vi) The balance of the purchase price of the sum RM13,513,500.00 (hereinafter called "the Balance Purchase Price") shall be paid in full by the Purchaser to the Vendor's Solicitors as stakeholders on or before three (3) months from the date of this Agreement or from the date receipt of the written confirmation that the conditions of title have been fulfilled, whichever is later (hereinafter called "the Completion Date") with irrevocable instruction for the Vendor's Solicitors to:
 - i. redeem the Vendor's encumbrance and to obtain the release of the Original Registered Title Deed to the said Proposed Acquisition together with the duly executed Satisfaction of Charge and Withdrawal of Caveat (if applicable);
 - ii. deduct any other outstanding charges, expenses, fees and dues over the said Proposed Acquisition due to the relevant authorities (if any);and only release the Balance of the Purchase Price thereof to the Vendor upon the successful lodgement of the Memorandum of Transfer and the issuance of the Memorial Number that has been obtained from the relevant authorities; and the delivery of vacant possession of the said Proposed Acquisition to the Purchaser.
- (vii) In the event that the Purchaser is unable to settle the Balance of the Purchase Price on/or before the Completion Date, the Purchaser shall automatically be entitled to an extension of time of one (1) month from the expiry of the completion date (hereinafter called "the Extended Completion Date"), to settle the Balance of the Purchase Price provided always that the Purchaser shall pay late interest at the rate of five per centum (5.00%) per annum calculated on a daily rest basis. (hereinafter called "the Default Interest") hereto on the Balance of the Purchase Price or part thereof calculated on a daily basis from the Completion Date to the date of the payment of the Balance of the Purchase Price, and that the Default Interest shall be paid together with the Balance of the Purchase Price within the Extended Completion Date.

- (viii) Conditions Precedent:-
- a. The Vendor delivering a valid and registrable Memorandum of Transfer and all other relevant documents including the Original Registered Title Deed to the said Proposed Acquisition and the Vendor's ownership, right, title, interest, advantage and benefit in the said Proposed Acquisition to the Purchaser or the Purchaser's Solicitors or the Purchaser's Financier or the Purchaser's Financier's Solicitors (as the case may be);
 - b. The Director of Lands and Surveys having issued his written permission for the sale and transfer of the said Proposed Acquisition to the Purchaser (if applicable);
 - c. The Vendor having obtained a written confirmation from the relevant authorities that the conditions of title have been fulfilled (if applicable);
 - d. Save and except for the said encumbrance disclosed herein, the said Proposed Acquisition is free from all other charge, lien, encumbrance, trust, prohibitory order and any other liabilities capable of being attached to the said Proposed Acquisition but otherwise subject to all conditions and restriction whether expressed or implied contained in the Original Registered Title Deed to the said Proposed Acquisition and conditions herein;
 - e. The said Proposed Acquisition is sold on an as is where is basis; and
 - f. The Vendor shall pay and settle any outstanding charges, expenses, fees and dues over the said Proposed Acquisition due to the relevant authorities; settle the quit rent, assessment, premium, water and electricity and other outgoings in respect of the said Proposed Acquisition, and shall ensure that the same is fully settled as and when this shall become due and payable up to date of delivery of vacant possession of the said Proposed Acquisition.
- (ix) If the Purchaser fails to pay the Balance of the Purchase Price within the time stipulated in this Agreement, the amount of the Earnest Deposit and the Balance Deposit hereto shall be forfeited absolutely by the Vendor as agreed liquidated damages and not by way of penalty and the Vendor shall at the time of such forfeiture, refund or cause to refund to the Purchaser any other money paid by the Purchaser to the Vendor or the Vendor's Solicitors as payment towards the Purchase Price (if any) whereupon this Agreement shall thereafter become null and void and of no further effect and neither party shall have any claims whatsoever against the other under or in respect of this Agreement (save the return of any documents belonging to the Vendor with the Vendor's interest in the said Proposed Acquisition intact at the cost and expenses of the Purchaser) and the Vendor shall have the right to re-sell the said Proposed Acquisition to such person in such manner at such price and on such terms as the Vendor may in its absolute discretion deem fit and the Purchaser shall have no right to any part of the purchase money thereby arising.
- (x) If for any reason not attributable to the fault of the Purchaser but due to the implementation of Movement Control Order by the Malaysian government, closure or limited operations of the relevant authorities, the adjudication is not completed and/or registration of the Memorandum of Transfer and/or the issue of a memorial number is not yet issued by the relevant authorities before the expiry of the Completion Date, then notwithstanding the provisions herein, the number of days for which the said delay was occasioned by the official closure shall be excluded from the calculation of the Completion Date or the Extended Completion Date.

- (xi) If any of the conditions precedent is not obtained within time provided for completion herein or the extended time or the same is refused or rejected for whatever reasons not attributable to the fault of either party and which cannot be rectified within thirty (30) working days from the parties' knowledge of such reason, then either party may by written notice to the other terminate this Agreement and all sums already paid by the Purchaser toward payment of the Purchase Price shall be refunded immediately to the Purchaser free of interest, whereupon this Agreement shall become null and void and of no further effect and neither party shall have any claim whatsoever against the other except the return of any documents belonging to the Vendor with the Vendor's interest in the said Proposed Acquisition intact.
- (xii) As the Purchaser is a wholly-owned subsidiary of a public listed company in the main market of Bursa Malaysia, the Purchaser and/or its listed holding company shall be required to make certain disclosures and announcement. The parties hereto express accept and agree that the details of the said Proposed Acquisition and this Agreement may be disclosed to Bursa Securities in accordance with the MMLR. In the event of any delay in the completion of this agreement arising from or in connection to any official query or further requirements imposed by Bursa Securities and/or the listed entity, the Completion Date shall be correspondingly extended by the number of days occasioned by such further requirements up to a maximum of fourteen (14) days only.
- (xiii) The Vendor shall deliver up vacant possession of the said Proposed Acquisition simultaneously upon having obtained the Memorial Number for the transfer from the relevant authorities whereupon the risk of the said Proposed Acquisition shall pass to the Purchaser.
- (xiv) At any time after the date hereof the Purchaser shall be entitled at the Purchaser's own cost and expense to present and register or cause to present and register or cause to present a private caveat against the said Proposed Acquisition and prohibiting any dealing by the Vendor in the said Proposed Acquisition prior to the completion or lawful termination of this Agreement provided that the Purchaser hereby irrevocably and unconditionally agrees and covenants with and undertakes to the Vendor that the Purchaser shall at the Purchaser's own cost and expense forthwith remove or cause to remove the aforesaid private caveat upon any lawful termination of this Agreement or upon any breach or default by the Purchaser in accordance with the terms of this Agreement.
- (xv) The Vendor hereby represents and warrants that as at the date hereof the Vendor has no knowledge nor has any reason to believe that the said Proposed Acquisition or any part thereof has been acquired or is subject to acquisition under the Land Acquisition Ordinance Cap. 69 and/or under any other legislation.
- (xvi) If the said Proposed Acquisition or any part thereof shall be or become affected by any notice of acquisition under the Land Acquisition Ordinance Cap. 69 or any other legislation after the date of this Agreement but before the lodgement of the Memorandum of Transfer to the land registry for registration, the Vendor shall give notice thereof to the Purchaser within seven (7) days of receipt thereof. The Purchaser shall then be entitled to determine this Agreement if the Purchaser does not intend to proceed with the purchase of the said Proposed Acquisition.

- (xvii) The Vendor hereby consents to the Retention Sum to be deducted from the Balance Deposit and the parties herein irrevocably instruct the Purchaser's Solicitors to remit the Retention Sum to the Director General of Inland Revenue ("LHDN") pursuant to the Real Property Gains Tax Act 1976 within sixty (60) days from the date of this Agreement and thereafter to forward a copy of the receipt to the Vendor's Solicitors.
- (xviii) The Purchaser hereto shall be solely responsible to meet the costs of stamping this Agreement, Memorandum of Transfer and all the stamp duty and registration fees payable in respect of the Transfer and Caveat of the said Proposed Acquisition.
- (xix) All solicitors' fees on the part of the Purchaser's Solicitors in respect of the preparation of this Agreement, Transfer Documents and Caveat shall be solely borne by the Purchaser.
- (xx) The Purchase Price stated in this Agreement is exclusive of any tax. If as a result of the introduction of new laws, by-laws, rules, directives or regulations or the amendment of existing laws, by-laws, rules, directives or regulations, or similar matters, either party shall be liable to pay any new or additional tax (such as Goods and Services Tax or other taxes) in connection with the sale of said Proposed Acquisition, the Parties hereby agree that such new or additional tax shall be borne by the Vendor and the Purchaser in equal portions, and the Purchaser shall pay the Purchaser's portion of such tax (if applicable) to the Vendor within fourteen (14) working days upon a request in writing by the Vendor for the same or vice versa provided that such request in writing shall be supported by the relevant tax invoice (if applicable) or other supporting documents in respect of such tax.
- (xxi) If due to no default, neglect and/or omission on the part of either party, the Memorandum of Transfer is rejected and/or cannot be registered for whatsoever reasons not attributable to the fault of either party and which cannot be rectified within thirty (30) working days from the notice of the said rejection, the Purchaser shall be entitled to elect forthwith to terminate this Agreement and so long as the Balance Purchase Price hereof has not been released to the Vendor, the Purchaser's Solicitors shall be authorised to release the said monies to the Purchaser and all monies including the Total Deposit already paid to the Vendor under this Agreement shall be refunded in full by the Vendor to the Purchaser free from interest within ten (10) working days from the written request from the Purchaser failing which the Vendor shall be liable to pay the Default Interest on the sum to be refunded to the Purchaser calculated on a daily basis for the days delayed until the full refund by the Vendor to the Purchaser.
- (xxii) This Agreement embodies the entire understanding of the parties hereto and constitutes the entire agreement and understanding between the parties with respect to the matters dealt with in this agreement which all prior agreements and arrangements, if any, made between the Vendor and the Purchaser, shall hereby be superseded and deemed to be without further effect and both parties declare that this Agreement was not entered into by the parties in reliance of any agreement or understanding of any party not expressly contained or referred to in this Agreement.

8. RATIONALE & PROSPECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition would enable Tawau Cocoa Estate to increase its land bank and ultimately its planted area and as a result, will increase fresh fruit bunch production and crop yield to meet the growing market demands in line with the projected growth of the palm oil industry. With the expansion of Tawau Cocoa Estate's planted area, the palm oil business of the Company is expected to be able to seize opportunities for future business expansion and growth.

9. RISK FACTORS

(i) Non-completion of the Proposed Acquisition

The completion of the Proposed Acquisition is subject to the fulfilment of the conditions precedent as set out in the Agreement and in the event those conditions precedents are not met, the Proposed Acquisition will be terminated. The Board endeavors to take all reasonable steps to ensure the completion of the Proposed Acquisition.

(ii) Risks in the development of the Proposed Acquisition

The Proposed Acquisition's development is subject to risk factors including liquidity of funds, changes in business environment, amendments in tax regulations and changes in political and legal environment. The Board takes cognizance of the risk factors and ensures that any potential downside risk will be detected timely and action plans will be in place to minimise the impact to the Company.

10. LIABILITIES TO BE ASSUMED

There are no liabilities including contingent liabilities and guarantees to be assumed by the Company arising from the Proposed Acquisition.

11. SOURCE OF FUNDING

The Proposed Acquisitions will be satisfied in cash which shall be funded through internally generated funds.

12. FINANCIAL EFFECT OF THE PROPOSED ACQUISITION

(i) **Issued share capital and substantial shareholders' shareholdings**

The Proposed Acquisition will not have any effect on the issued and paid-up share capital as well as the substantial shareholders' shareholdings in Teck Guan Perdana Group as the acquisition does not involve issuance of shares.

(ii) Earnings and earnings per share

The Proposed Acquisition is not expected to have any material effect on the earnings and earnings per share of Teck Guan Perdana Group for the current financial year ending 31 January 2023.

However, the Proposed Acquisition is expected to contribute positively to the earnings and earnings per share of Teck Guan Perdana Group in the future years as and when the land is fully planted, matured and its prime stage onwards.

(iii) Net assets per share and gearing

The Proposed Acquisition will not have any material effect on the net assets per share of Teck Guan Perdana Group for the current financial year ending 31 January 2023.

The Proposed Acquisition is not expected to have any material effect on the gearing of Teck Guan Perdana Group as the Purchase Consideration of RM15,015,000.00 is to be satisfied via internal generated fund.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by early September 2022.

14. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors and/or substantial shareholders of the Company and/or persons connected to them have any interest, direct and/or indirect, in the Proposed Acquisition.

15. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the MMLR of Bursa Securities is 24.93% computed based on the latest audited financial statements of Teck Guan Perdana for the financial year ended 31 January 2021.

16. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approvals of the Company's shareholders and any other relevant authorities.

17. DIRECTORS' RECOMMENDATION

The Board of Directors, having considered the Proposed Acquisition including the rationale for the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

18. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection at the registered office of the Company at No. 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah during normal office hours for a period of three months from the date of this announcement.

In adherence to the standard operating procedure imposed by the regulatory authority(ies), all inspection of documents at the registered office of the Company could only be conducted prior appointment only. For appointment(s) request, please contact +6089-772275/772277.

19. INFORMATION ON TECK GUAN PERDANA BERHAD

Teck Guan Perdana was incorporated in Malaysia on 11 July 1994 under the name of Creative Balance Sdn. Bhd. and was listed on the Main Board of the stock exchange operated by Bursa Malaysia Securities Berhad on 10 September 1994 under the name of Creative Balance Berhad. On 6 May 1995, Teck Guan Perdana Berhad assumed its present name. The Company has its registered address at No. 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah.

Teck Guan Perdana is an investment holding and provision of administrative services to its subsidiaries engaged in the operation of oil palm and cocoa plantations, processing of cocoa products, trading of crude palm kernel oil, operation of palm kernel crushing plant, processing and sale of cocoa butter, cocoa powder and other cocoa products and the export of trading produce.

This announcement is dated 7 June 2022.