

## General Announcement

Company Name : PASDEC HOLDINGS BERHAD  
Stock Name : PASDEC  
Date Announced : 30 JANUARY 2023

### Announcement Subject:-

**PASDEC HOLDINGS BERHAD (“PASDEC” OR “Company”)**

**JOINT VENTURE AGREEMENT BETWEEN PASDEC CORPORATION SDN. BHD. AND  
SEDIMI PROPERTY DEVELOPMENT SDN. BHD. FOR THE DEVELOPMENT OF LAND AT  
BANDAR INDERA MAHKOTA, KUANTAN, PAHANG (“Proposed Development”)**

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## 1. INTRODUCTION

The Board of Directors of PASDEC (“**Board**”) wishes to announce that the Company’s wholly-owned subsidiary, Pasdec Corporation Sdn. Bhd. (“**PCSB**” or “**Landowner**”), had on 30 January 2023 entered into a Joint Venture Agreement (“**Agreement**”) with Sedimi Property Development Sdn. Bhd. (“**SPDSB**” or “**Developer**”) for the development of land at Bandar Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang.

## 2. DETAILS OF THE LAND

The Proposed Development involves the development of 238 pieces of vacant plots all located at Bandar Indera Mahkota, Kuantan about 9 kilometres north west of Kuantan town centre (“**Land**”). Details of the Land are as follows:

Item	Particular
i. Registered & Beneficial Owner	PCSB
ii. Titles description and type	237 pieces of qualified titles for residential development bearing PN 23729 Lot 150164 to PN 23853 Lot 150243 and PN 23460 Lot 150260 to PN 23607 Lot 150416 1 piece of land for the site of electrical substation held under PN 23443 Lot 150417
iii. Mukim	Kuala Kuantan
iv. District	Kuantan
v. State	Pahang
vi. Area (approximate)	60,049 per square metres
vii. Tenure	99 years leasehold with lease current lease expiring on 30 May 2096.
viii. Category of Land Use	Building
ix. Encumbrances	Nil

Item	Particular
x. Restriction in Interest	The Land cannot be transferred, leased, charged except with written consent of the Local State Authority
xi. Date of Acquisition	The Land was acquired in 2011
xii. Net Book Value	The audited net book value of the Land as at 31 December 2021 is RM12,763,930

### 3.0 SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement, include amongst others, the following:-

#### 3.1. Development of the Land

- (i) The Developer is appointed by the Landowner to develop the Land into a residential estate ("**Project**") by phases together with the requisite infrastructure and amenities in accordance with the approvals of the appropriate authorities ("**Approvals**") and the plans and drawings approved by the appropriate authorities ("**Approved Plans**"). The Project will be developed by the Developer in phases comprising:-
  - (a) 157 units of single-storey terrace houses ("**Phase 1**"); and
  - (b) 80 units of single-storey semi-detached houses ("**Phase 2**")
- (ii) The Developer shall be and remain a special purpose vehicle (SPV) solely for purpose of the Project and shall not for the duration of the Agreement conduct or commit to any other business or undertaking other than the Project.
- (iii) As at the date of the Agreement, the Landowner has obtained the Development Order and submitted the pre-computation plan for the Project as well as partial building plan for Phase 1 to the appropriate authorities for approval.
- (iv) The Developer shall have control and management of the Project and shall duly construct, complete and market the Project at its own cost and expense subject to the terms and conditions of the Agreement.

#### 3.2 Developer's Conditions Precedent

- (i) The Developer shall, within 6 months from the date of the Agreement:-
  - a. increase its share capital to at least RM2,000,000;
  - b. deliver to the Landowner's solicitors as stakeholder the original share certificates of the Developer, transfer form for the transfer of the shares in favour of the Landowner as well as other relevant documents as required of the Developer and/or its shareholders and with the requisite powers conferred on the Landowner to perfect the transfers in favour of itself ("**Shares Transfer**") which shall be enforceable only in the event of default by the Developer pursuant to the Agreement;

- c. appoint Landowner's representative to the board of directors of the Developer and keep such director and the Landowner fully informed on the progress and all other matters relating to the Project; and
  - d. obtain approval of the building plans (including the partial building plans submitted by the Landowner) for Phase 1 and written confirmation from the relevant authorities that the developer of the Project has been changed from the Landowner to the Developer.
- (ii) The Developer shall obtain approval of the building plans for Phase 2 within 12 months from the date of the Agreement.
  - (iii) If any of the conditions precedent is not or cannot be fulfilled within the agreed conditional period for any reason not attributable to the default or delay of the party required to fulfil it, the parties may terminate the Agreement.

### **3.3. Landowner's Entitlement**

- (i) The Landowner shall be entitled to and accorded thirty-three per cent (33%) of the units developed at the Project comprising not less than 52 units of terrace houses and 26 units of semi-detached houses with sales value of not less than RM32,430,000 ("**Landowner's Entitlement**") and the Landowner has the first right to choose and reserve such units before any sale or disposal of any units of the Project.
- (ii) Developer shall complete and deliver vacant possession of the Landowner's Entitlement units in Phase 1 with Certificate of Completion and Compliance ("**CCC**") within 30 months from the date of fulfilment of the last of the conditions precedent stated in paragraph 3.2 (i) of this announcement.
- (iii) Developer shall complete and deliver vacant possession of the Landowner's Entitlement units in Phase 2 with CCC within 30 months from the date of fulfilment of the last of the conditions precedent stated in paragraph 3.2 (i) and (ii) of this announcement.
- (iv) In the event the Developer fails to complete Phase 1 and 2 within the period stated above, the Developer shall complete and deliver the vacant possession of the delayed phase within a further period of not exceeding 6 months from the original deadline for delivery, subject to the payment of agreed liquidated late delivery damages of RM5,500.00 for each extended day calculated from the commencement of the further period up to the date of delivery of the vacant possession of the last of the Landowner's Entitlement in that phase.

### **3.4 Reimbursement of Landowner's Cost**

- (i) The Developer shall reimburse all the costs incurred or to be incurred by the Landowner for the purpose of the Project ("**Landowner's Cost**"), the list of which provided by the Landowner in accordance with the Agreement, before any sale of the Project's units.

### **3.5 Developer's Entitlement**

- (i) The Developer shall be entitled to and at liberty to sell units other than the Landowner's Entitlement ("**Developer's Entitlement**") pursuant to the Agreement.

### **3.6 Developer's Covenants**

- (i) The Developer represents, covenants, warrants and undertakes, among others:-
- (a) To duly fulfil the conditions precedent and perform and observe all its obligations under the Agreement at its own cost and expenses;
  - (b) To apply and procure all the requisite approvals from relevant authorities for the Project and to commence the construction work of each phase within 3 months from the approval of building plans for that phase; .
  - (c) To continue with the Architect and other consultants appointed by the Landowner on the current terms of appointment, whether by novation or assignment, so as to procure a release of the Landowner's obligations by the consultants;
  - (d) To obtain advertisement permit and developer's licence (APDL) for Phase 1 and Phase 2 and launch the sale of the units of each phase within 1 year from the approval of building plans for each phase;
  - (e) To duly construct and complete the construction of the Project and the infrastructure and amenities thereof in accordance with the Approvals and Approved Plans of the Project;
  - (f) To duly complete and deliver vacant possession of the Landowner's Entitlement units within the period for completion and pay the agreed liquidated late delivery damages, if any accrued, and to duly reimburse the Landowner's Cost in accordance with the Agreement;
  - (g) To indemnify the Landowner against all fines, penalties, loss, damages, costs and expenses if any incurred or suffered by the Landowner by reason of any omission, breach or non-compliance by the Developer of any covenant or obligation or law; and
  - (h) To be solely responsible to secure all funding and financing required for the implementation and completion of the Project but, in doing so, the Developer shall not create or permit to be created any encumbrances over the Land as security for the repayment of such funding or financing; and
  - (i) To complete all the Developer's obligations within the period of completion under the Agreement.

### **3.7 Landowner's Covenants**

- (i) The Landowner represents, covenants, warrants and undertakes, among others:-
- (a) To deposit the original title deeds to the Land with its solicitors as stakeholder who shall deal with them in accordance with the terms and conditions of the Agreement;
  - (b) To duly execute and deliver the Limited Power of Attorney and to deliver vacant possession of the Land to the Developer in accordance with the terms and conditions of the Agreement;

- (c) That the Land is free from encumbrances or restraints, and not to create or permit to be created any charge or other encumbrance or restraint over the Land which would jeopardise the Project and/or the Developer's Entitlement;
- (d) Not to sell or dispose of any of the Landowner's Entitlement until the CCC for the Project has been issued.
- (e) Not to interfere with the construction and execution of the Project and the sales of the Developer's Entitlement, provided that the Developer reports the progress of the Project on monthly basis, and the Landowner is permitted to enter and inspect the site of the Project at any reasonable time.

### **3.8. Default of Developer**

#### Events of Default

- (i) The Landowner may issue a written notice to the Developer for the Developer to remedy, among others, any of the following breach (if capable of remedy) within 30 days from the notice date:-
  - (a) Developer fails to commence the construction works of a phase of the Project within 3 months from the approval of the building plans for that phase; or
  - (b) Developer fails to obtain the APDL for a phase of the Project within 1 year from the approval of the building plans for that phase; or
  - (c) Developer fails to implement or construct the Project or any part thereof in accordance with the Approved Plans; or
  - (d) Construction works on the Project have stopped twice and each time for a continuous period exceeding 30 days, or the Developer has abandoned the uncompleted Project; or
  - (e) The Project is suffering from frequent delays and/or categorised as an "ailing" or "late" project by the appropriate authorities, or the Developer failed to complete at least 50% of the Project within 15 months from the approval of the building plans for Phase 1; or
  - (f) A winding-up petition or other legal action which would adversely affect the completion of the Project has been presented against the Developer or the Developer becomes insolvent or subject to petition for re-organisation or receivership; or
  - (g) Developer is in actual or anticipatory and material breach of any of its obligations, covenants and/or undertakings under the Agreement.

#### Termination

- (ii) In the event of default or breach of the Developer which is not duly remedied within the period notified, the Agreement shall be taken as having been breached by the Developer, and the Developer shall
  - (a) Immediately cease operating the Project account(s) and/or making any further commitments in respect of the Project;

- (b) Withdraw or cause to be withdrawn all caveats or other restraints or encumbrances if any lodged against the Land by or on behalf of Developer or any third party claiming against the Developer; and
- (c) If required by the Landowner, execute and effect the transfer or novation of the Approvals and contracts in respect of the Project to the name of the Landowner;

and the Landowner shall be entitled to:-

- (d) Terminate the Agreement with immediate effect;
- (e) Effect the Shares Transfer and take over the development and management of the Project;
- (f) Enter into and take possession of the Land and all structures, equipment and materials;
- (g) The immediate return or delivery of all titles (free from any encumbrances or restraints), agreements, approved plans, documents, records, books, accounts and other effects of the Project;
- (h) Claim all loss, damages, costs and expenses incurred or suffered by the Landowner arising from the default or breach of the Developer;
- (i) Revoke the Limited Power of Attorney and any right or power given to or conferred by the Landowner on the Developer;

at the Developer's costs and expenses and without prejudice to all other rights and remedies available to the Landowner under the Agreement.

### **3.9 Default of Landowner**

#### Events of Default

- (i) The Developer may issue a written notice to the Landowner for the Landowner to remedy, among others, any of the following breach (if capable of remedy) within 30 days from the notice date:-
  - (a) Any material representation or warranty of the Landowner found to be materially untrue; or
  - (b) A winding-up petition or other legal action which would adversely affect the completion of the Project has been presented against the Landowner or the Landowner becomes insolvent or subject to petition for re-organisation or receivership; or
  - (c) The Landowner is in actual or anticipatory and material breach of any of its obligations, covenants and/or undertakings under the Agreement.

#### Termination

- (ii) In the event of default or breach of the Landowner which is not duly remedied within the period notified, the Agreement shall be taken as having been breached by the Landowner, and the Developer shall be entitled to terminate the Agreement and cease all works on the Project, and to:-

- (a) the return of the Shares Transfer documents with the interests intact; and
- (b) the reimbursement of all amounts, costs and expenses incurred or suffered by the Developer for the purposes of the Project.

at the Landowner's cost and expenses.

- (iii) Against the satisfaction of the remedies by the Landowner, the Developer shall at the cost and expense of the Landowner:-
  - (a) remove any restraint or encumbrance lodged by the Developer against the Land, hand-over the project account(s) and re-deliver possession of the Land and the Project (together with all structures erected on the Land, and all titles, agreements, approved plans, documents, records, books, accounts and other effects in respect of the Project) to the Landowner; and
  - (b) execute and effect the transfer or novation of the Approvals and contracts in respect of the Project to the name of the Landowner if required by the Landowner.

### 3.10 Specific Performance

- (i) If the non-defaulting party elects not to terminate the Agreement, the non-defaulting party may enforce this Agreement by a claim for specific performance and/or seek such other relief or remedy that may be available. The defaulting party shall bear all costs, disbursements and the relevant expenses thereto in accordance with the Agreement.

## 4. INFORMATION ON SPDSB

SPDSB was incorporated on 19 October 2022 as a private limited company under the Companies Act 2016. SPDSB is principally involved in property development and construction activities.

As at the date of the announcement, the issued share capital of SPDSB is RM100 comprising 100 ordinary shares. Details of its shareholders and directors of are as follows:-

<b>Name</b>	<b>Number of shares held</b>	<b>Directorship</b>
(i) Chen Kim Lon	15	Director
(ii) Lim Chee Ling	20	Director
(iii) Ee Cao Xian	15	Director
(iv) Ng Chee How	15	Director
(v) Tan Kong Yaw	0	Director
(vi) Tech Max Construction Sdn. Bhd.	30	N/A
(vii) Shariffah Maznee binti Noor Osman	5	N/A

**5. RATIONALE FOR THE PROPOSED DEVELOPMENT**

The Proposed Development will enable PASDEC Group to speed up the Project without putting additional financial burden on the Group and allow the Group to focus on other existing and new development projects.

**6. RISK FACTORS**

The Board is not aware of any risk factors arising from the Proposed Development other than implementation or introduction of new guidelines and by-laws imposed by the local authority(ies) during the development of the Land which may have an impact on the planning and progress of the Proposed Development.

**7. EFFECT OF THE PROPOSED DEVELOPMENT**

The Proposed Development is not expected to have any material effect on the Group's share capital, gearing, earnings per share, net assets and substantial shareholders' shareholdings of PASDEC for the financial year ending 31 December 2023.

**8. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio pursuant to Chapter 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 8.79%.

**9. APPROVAL REQUIRED**

The Proposed Development does not require the approval of the shareholders of the Company.

**10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSON CONNECTED WITH THEM**

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

**11. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the transaction, is of the opinion that the Proposed Development is in the best interest of the Company.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

The Agreement is available for inspection at the registered office of the Company at Level 21, Menara Zenith, Jalan Putra Square 6, Putra Square, 25200 Kuantan, Pahang 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 January 2023.