

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): NON RELATED PARTY TRANSACTION

CHIN HIN GROUP PROPERTY BERHAD (“CHGP” or “the Company”)

- SALE AND PURCHASE AGREEMENT (“SPA” OR “THE AGREEMENT”) ENTERED INTO BETWEEN CHIN HIN PROPERTY (PENANG) SDN BHD (“CHPPSB” OR “PURCHASER”) AND IVORY GLENEARY SDN BHD (“IGSB” OR “VENDOR”)

1. INTRODUCTION

Further to the announcement made by the Company on 8 December 2023, the Board of Directors of CHGP (“**the Board**”) wishes to announce that CHPPSB, a wholly-owned subsidiary of BKG Development Sdn. Bhd. (“**BKGD**”), which in turn is a wholly-owned subsidiary of CHGP has on 10 January 2024 entered into Agreement with IGSB for the purchase of a plot of freehold land measuring approximately 1.218 acre (currently identified as Penang Times Square, Phase 4) and forming part of the land held under a master title known as Geran 172694, Lot 10024, Seksyen 10, Bandar George Town, Daerah Timur Laut, Pulau Pinang (“**Master Land**” or “**Master Title**”) measuring approximately 4.922 hectares (approximately 12.1625 acres) in area (“**the Land**”), for a total cash consideration of Ringgit Malaysia Forty Million (RM40,000,000.00) only (“**Purchase Price**”) (hereinafter referred to as “**Proposed Acquisition**”).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 INFORMATION OF VENDOR

IGSB was incorporated in Malaysia under the then Companies Act 1965 on 26 May 2001 and is deemed registered under the Companies Act 2016. IGSB is principally engaged in property development.

As of the date of this announcement, the total issued share capital of IGSB is RM9,551,000.00 comprising of 9,000,000 ordinary shares.

As at date of this announcement, the Directors of IGSB are Dato’ Low Eng Hock, Loh Chin Chuen and Low Wei Shane.

IGSB is a wholly owned subsidiary of Ivory Properties Group Berhad (“**Ivory**”), a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

2.2 INFORMATION OF THE PURCHASER

CHPPSB was incorporated in Malaysia under the Companies Act 2016 on 8 January 2024 and having its registered office at Suite 16.06, MWE Plaza, No. 8 Lebuhraya Farquhar, 10200 George Town, Pulau Pinang. CHPPSB is principally involved in investment holding and property development and property construction.

As at the date of the Agreement, the total issued share capital of the CHPPSB is RM2 comprising of 2 ordinary shares.

The Directors of CHPPSB are Datuk Seri Chiau Beng Teik and Chiau Haw Choon.

CHPPSB is a wholly-owned subsidiary of BKGD.

BKGD was incorporated in Malaysia on 14 November 2013 under the Companies Act 1965, having its registered office at Suite 16.06, MWE Plaza, No. 8 Lebuhr Farquhar, 10200 George Town, Pulau Pinang. Its principal activities are investment holding and property development and property construction.

As at the date of this update, the total issued share capital of BKGD is RM29,400,000 comprising of 29,400,000 ordinary shares.

The Directors of BKGD are Datuk Seri Chiau Beng Teik and Chiau Haw Choon.

BKGD is a wholly-owned subsidiary of CHGP.

2.3 INFORMATION OF THE LAND

The Land is a plot of freehold land measuring approximately 1.218 acre (currently identified as Penang Times Square, Phase 4) and forming part of the land held under a master title known as Geran 172694, Lot 10024, Seksyen 10, Bandar George Town, Daerah Timur Laut, Pulau Pinang measuring approximately 4.922 hectares (approximately 12.1625 acres) in area.

IGSB is the registered proprietor of the Land.

The Master Land is currently subject to the conditions and restrictions stated in the master title as follows: -

- (a) Category of land use: Bangunan (*Building*)
- (b) Express Condition: Tanah yang diberimilik ini hendaklah digunakan untuk tujuan kediaman dan perniagaan sahaja (*This owned land should be used for residential and business purposes only*)
- (c) Restriction in Interest: Nil

There is an existing building on the Master Land known as Birch House, a heritage building ages approximately 115 years acquired by IGSB in 2008. In addition, IGSB has developed a portion of the Master Land as part of a development scheme known as Penang Times Square ("**Project**"). At the date of this announcement, the Vendor has completed construction of Phase 1 (Birch The Plaza) and Phase 2 (Birch Regency), including the commercial center and office tower associated with these two phases of the Project, whilst, the construction of Phase 3 (The Wave) along with the commercial podium related to this phase of the Project is nearing completion. Notwithstanding the foregoing, the Land is currently vacant.

As of the date of this announcement:

- (i) the Master Land is held under the Master Title, and no separate issue document of title has been issued to the Land by the appropriate authority;
- (ii) the Master Title is subject to four (4) Charges registered under the National Land Code vide Presentation Nos. 0799SC2014041918, 0799SC2014041919, 0799SC2014041920 and 0799SC2014041921 ("**BIMB Charges**") in favour of

Bank Islam Malaysia Berhad [Registration No. 198301002944 (98127-X)] (“**BIMB**”). BIMB has confirmed that its right title and interest so far as the Master Title is concerned, confine only to a part of the Master Title which does not include the Land.

- (iii) while a portion of the Master Land has been developed as disclosed above, the Land remains undeveloped, and is vacant and free from squatters and other unauthorised occupants

The Purchaser may carry out valuation on the Land in this Proposed Acquisition during the due diligence process in fulfilling the conditions precedent set out in item 3.3(a)(i). As at the date of this Announcement, CHGP is unable to procure the net book value of the Land as CHGP is not privy to this information.

The Purchaser plans to develop a multi-storey serviced residence on the Land (“**Development**”) and has agreed that a company within the Ivory group of companies being a subsidiary of Ivory to be appointed as the turnkey builder for the Development subject to the terms and conditions to be mutually agreed by the Purchaser and the proposed turnkey builder.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Proposed Acquisition

The Vendor has agreed to sell and assign to the Purchaser, and the Purchaser has agreed to purchase and accept the assignment from the Vendor, of all the Vendor’s rights, title, and interests in the Land on an “as is where is” basis, free from all encumbrances, and with vacant possession, at the Purchase Price, but subject to all conditions and restrictions, expressed or implied, concerning or affecting the Land and upon all the terms and conditions of the Agreement.

3.2 Satisfaction of the Purchase Price

3.2.1 The Purchase Price shall be paid by the Purchaser in the following manner:-

- (a) Prior to the execution of the SPA, 2% of the Purchase Price i.e. RM800,000.00 (“**Earnest Deposit**”) has already been paid to Phang Tham Teoh & Co Advocates & Solicitors (“**Stakeholders**”) whom is authorized and instructed to release and pay the Earnest Deposit in accordance with item 3.2.1(c) below.
- (b) Upon the execution of the SPA, 8% of the Purchase Price i.e. RM3,200,000.00 (“**Balance Deposit**”) shall be paid to the Stakeholders whom is authorized and instructed to release and pay the Balance Deposit in accordance with item 3.2.1(c) below.
- (c) The Stakeholders shall release and pay the Earnest Deposit and Balance Deposit: -
 - (i) to IGSB, within five (5) business days from the Unconditional Date as defined in item 3.5 below; or

(ii) to the CHPPSB in accordance with item 3.4 below in the event that item 3.4 below applies.

(d) The balance of the Purchase Price i.e. RM36,000,000.00 ("**Balance Purchase Price**") shall be paid within one (1) month from the Unconditional Date ("**Completion Period**") to the Stakeholders who shall release and pay the same to the IGSB in accordance with the SPA.

3.2.2 In the event the Purchaser fails to pay the Balance Purchase Price within the Completion Period, the Vendor shall grant the Purchaser an automatic extension period of 1 month from the expiry of the Completion Period ("**Extended Completion Period**") to pay the Balance Purchase Price PROVIDED ALWAYS that the Purchaser shall pay to the Vendor interest on the unpaid amount at the rate of eight per centum (8%) per annum ("**Late Payment Interest**") calculated on a daily basis commencing from the day immediately after expiry of the Completion Period thereof till the date the Balance Purchase Price is paid in full together with the correct amount of the Late Payment Interest on or before the last day of the Extended Completion Period.

3.2.3 The day of receipt by the Stakeholders of the Balance Purchase Price and if applicable, the correct amount of the Late Payment Interest shall be referred to as the "**Completion Date**".

3.3 Conditions Precedent

The Proposed Acquisition is conditional upon the following being fulfilled or obtained:-

(a) By the Purchaser:-

(i) of satisfactory due diligence findings on the Land within 3 months from the date of the Agreement or within such extended period as the Vendor and Purchaser may mutually agree in writing; and

(ii) the approvals of its directors and/or shareholders in relation to the transaction as contemplated in the Agreement at any time not later than 31 December 2024 or any further period mutually agreed by the Parties ("**Compliance Period**").

(b) By the Vendor, unless otherwise stated in the Agreement, within the Compliance Period:-

(a) the approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") in relation to the regularisation plan to be submitted by Ivory whereof this transaction forming part thereof ("**Bursa Securities' Approval**");

(b) the extraction of Borang C1 being the Kebenaran Merancang ("**KM**") in respect of the Land granted by the appropriate authorities in the

name of the Purchaser for the Development of the Land with:-

- (a) the plot ratio of not less than 5
- (b) no imposition of low cost flat, low medium cost flat and any affordable housing scheme on the Land
- (c) the total gross floor area (GFA) for the Development of not less than 405,792 sq. ft.

subject to payment of the costs as imposed by the appropriate authorities; and

- (c) the approvals of its directors and its shareholders in relation to the transaction as contemplated in the Agreement.

3.4 Non-fulfilment of Conditions Precedent

In the event the Conditions Precedent or any thereof cannot be fulfilled before the expiry of the Compliance Period:

- (a) A Party (who is not the Party to fulfil the Condition Precedent) shall be entitled to terminate the Agreement by a written notice served on the other Party. In which event, the Stakeholders shall refund to the Purchaser the Deposit and pay to the Purchaser the Deposit Interest and any moneys paid by the Purchaser under the Agreement. Thereafter, the Agreement shall subject to the compliance of terms of the Agreement, be terminated and be of no further effect whatsoever and neither Party shall have any claim whatsoever against the other Party save for any antecedent breach of any of the provisions herein;

or alternatively,

- (b) the Parties may enter into bona fide negotiation or discussion with a view to salvage the deal herein envisaged. In this respect, the Parties covenant and undertake to render all necessary co-operation and assistance to each other for the purpose of salvaging and completing the sale and purchase and development of the Land in an alternative lawful manner as the Parties may mutually agree.

3.5 Unconditional Date

The Agreement shall be rendered “**Unconditional**” upon the fulfilment of the Condition Precedent by IGSB and CHPPSB within the time period as stated in items 3.3(a) and 3.3(b) above. The date of the fulfilment or compliance of the last of the Conditions Precedent as stated in item 3.3(b) above shall be referred to as the “**Unconditional Date**”.

3.6 Parties’ Undertakings in regard to the Development

- 3.6.1** The Vendor will, if necessary, demolish and clear the ‘Pencawang Pembahagian Utama’ (“**PPU**”) sub-structure under the Land at its own cost, and in this respect, the Purchaser shall coordinate with the Vendor for such demolition and clearance work to take place during the commencement of

the construction work for the Development provided always that such demolish works will not affect or obstruct the construction work and/or construction costs for the Development.

- 3.6.2** The Vendor will, at all times, maintain the required infrastructures on the Master Land or such parts thereof in accordance with the planning permissions approved by the appropriate authorities including: - (a) the provision for sewer, water demand, power supply, telecommunication services, with the necessary piping, cables, lines, and systems; and (b) the structure and facilities of the Master Land including: - (i) a network of streets, roads, sidewalks, and footpaths within the Master Land for access to and within the development; (ii) waste treatment plants; and (iii) a drainage system (sub-paras (a) and (b) shall collectively refer to as “**Infrastructure**”). The Vendor agrees that the Purchaser may in relation to the Land and/or Development of the Land, without the need to pay any charges to the Vendor, use, utilize, tap into, or connect to the Infrastructure and/or to its connecting point at the relevant time depending on the progress of the Development on the Land.
- 3.6.3** The Vendor has constructed the required infrastructure on the Master Land in accordance with the planning permission approved by the appropriate authorities whereby (a) no major infrastructure upgrading works are required to be done on the Land; and (b) the provision for sewer, water demand, power supply, telecommunication services, with the necessary piping, cables, lines, and systems are sufficient and adequate for the population equivalent (P.E.) computed based on the GFA of not less than 405,792 sq. ft. (for total units of not exceeding 606 units). As the Infrastructure has been constructed by the Vendor by taking into account the development of the Master Land as a whole, the Vendor does not foresee that the appropriate authority will in relation to the Development impose on the Purchaser the condition or requirement to construct any major infrastructure work on the Land for the total units of 606 units in the Development.
- 3.6.4** The Vendor, will at all times or from time to time, assist and cooperate with the Purchaser in its coordination or liaising with the joint management body or the management corporation or the person managing Phase 1 (Birch The Plaza), Phase 2 (Birch Regency), or if relevant, Phase 3 (The Wave) of the Project on the Master Land (“**JMB/MC**”) in relation to any matters concerning the Development.
- 3.6.5** The Vendor will pay and settle all maintenance charges and sinking funds as imposed on the Vendor in respect of the Land until the date of the delivery of the vacant possession.
- 3.6.6** In the event of the JMB/MC increasing the rate of the maintenance charges or sinking funds in respect of the Land, or imposing any additional charges on the Land, during the construction of the Development by the Purchaser on the Land, the Vendor will take all necessary actions to work with the Purchaser in moderating these changes with the JMB/MC.
- 3.6.7** Notwithstanding the completion of the sale and purchase of the Land

pursuant to the terms and conditions of the SPA, as the Land forms part of the Master Land, the Vendor and Purchaser shall grant to each other and reserve for themselves or their respective representatives, employees workmen, or agents, such easements, licenses, rights, privileges, and the right of way in, through, over, under, and across the Land or the Master Land or any part thereof at any time or from time to time.

3.7 Turnkey Builder Agreement

The Purchaser shall or shall procure the Purchaser and a company within the Ivory group of companies being a subsidiary of Ivory to be appointed by the Purchaser as the turnkey builder for the Development on the Land, enter into a turnkey builder agreement (“**Turnkey Builder Agreement**”) subject to such terms and conditions to be mutually agreed upon by the Purchaser and the proposed turnkey builder.

3.8 Exclusive Right Agreement

In addition to the Turnkey Builder Agreement, simultaneously with its execution of the Agreement, the Purchaser shall itself and shall secure its holding company, BKGD to enter into an Exclusive Right Agreement with Ivory Utilities Sdn. Bhd. (“**IUSB**”) another subsidiary of Ivory, whereby the Purchaser and BKGD shall grant to IUSB an irrevocable exclusive right to subscribe to 20.0% of the ordinary share capital of the Purchaser on the Unconditional Date subject to the terms and conditions of the Exclusive Right Agreement, and that upon completion of such subscription, the shareholding structure of the Purchaser will be changed to that as stated in the table below:-

Shareholders of the Purchaser	Percentage of Equity (%)
BKGD	80.0
IUSB	20.0
Total	100.0

4. SOURCE OF FUNDING FOR THE PURCHASE PRICE

The Purchase Price is expected to be funded via a combination of internally generated funds and bank borrowings, the proportions of which will be determined later after taking into consideration CHGP’s gearing level, interest costs and cash reserves.

5. BASIS AND JUSTIFICATION FOR THE PURCHASE PRICE

The Purchase Price of RM40 million was arrived at on a ‘willing seller-willing buyer’ basis after taking into consideration the potential for the development of the Land at the plot ratio of 5 and the committed GFA of not less than 405,792 sq.ft.

6. RATIONALE AND PROSPECT OF THE PROPOSED ACQUISITION

CHGP and its subsidiaries (“**CHGP Group**”) are involved in the property development business and the Proposed Acquisition is in line with the overall strategy of CHGP Group to source for new landbank and expand its property development segment.

Given the strategic location of the Land and barring any unforeseen circumstances, the Board is confident that the Development will contribute positively to the earnings of CHGP in future.

As such, the Proposed Acquisition augurs well for CHGP Group as it is in line with the group’s strategy to strengthen its property development segment and at the same time, diversify its presence to Penang.

7. RISK FACTORS

The potential risk factors relating to the Agreement, which may not be exhaustive, are as follows:

(i) Completion risk

The Proposed Acquisition is subject to the Conditions Precedent stated in the Agreement. There is no assurance that the Proposed Acquisition could be completed with the timeframe as prescribed under the Agreement. The Board will take reasonable steps to ensure that such Conditions Precedent are met and fulfilled within the prescribed timeframe, besides ensuring every effort is made to obtain all the necessary approvals in order to complete the Proposed Acquisition in a timely manner.

(ii) Financing risk

CHGP / the Purchaser will be seeking external financing to partially fund the Proposed Acquisition. Its ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, or any restrictions imposed by the Government as well as the political, social and economic conditions in Malaysia. The Group may also be exposed to fluctuations in interest rate movements. Any future significant fluctuation of interest rates could have an effect on the Group’s cash flows and profitability. Nevertheless, CHGP will endeavor to manage its cash flow position and funding requirements prudently, to address the risk.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1 SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS’ SHAREHOLDINGS

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of CHGP and the substantial shareholders’ shareholdings of CHGP.

8.2 NET ASSETS (“NA”) AND GEARING

The Proposed Acquisition will not have a material effect on the NA of CHGP group for the financial year ending (“FYE”) 31 December 2024. As set out in item 4, the Proposed Acquisition will be funded through a combination of internally generated funds and bank borrowings, of which the final composition of the funding will be determined at a later stage.

For illustrative purposes, assuming that 70.0% of the Purchase Price which amounts to approximately RM28,000,000.00 is funded by bank borrowings with the balance funded via internally generated funds, the pro forma effects of the Proposed Acquisition on the consolidated NA and gearing of CHGP Group assuming that the Proposed Acquisition had been completed as at 31 December 2022 is as follows:

	Audited as at 31 December 2022	Adjusted for subsequent event	for After Proposed Acquisition	the
	RM	RM	RM	
Share capital	134,813,102	⁽¹⁾ 228,204,465	228,204,465	
Treasury shares	(255,208)	(255,208)	(255,208)	
Reserves	17,473,198	15,883,949	15,883,949	
Retained earnings	58,980,697	58,980,697	⁽³⁾ 58,925,697	
Equity attributable to owners’ of the parent	211,011,789	302,813,903	302,758,903	
Non-controlling interests	31,975,595	31,975,595	31,975,595	
Total equity	242,987,384	334,789,498	334,734,498	
Number of ordinary shares in issue ⁽⁵⁾	480,067,256	605,281,524	605,281,524	
No of treasury shares	⁽²⁾ 700,000	700,000	700,000	
NA per ordinary share (RM)	0.44	0.50	0.50	
Borrowings	253,483,598	253,483,598	⁽⁴⁾ 281,483,598	
Gearing ratio (times)	1.20	0.84	0.93	

Notes:

- (1) After adjusting for the issuance of CHGP Shares for the following: -
- a. 25,796,648 shares at RM0.20 per CHGP Share pursuant to the exercise of Warrants after 31 December 2022 up to the date of this announcement, and;
 - b. 99,417,620 Share pursuant to the private placement on 13 January 2023, 20 February 2023, 4 April 2023, 18 April 2023, 8 December 2023 and 27 December 2023 after 31 December 2022 up to the date of this announcement.
- (2) Excludes 700,000 treasury shares held by CHGP.
- (3) After deducting estimated expenses of RM55,000.00 for the Proposed Acquisition.
- (4) Assuming 70.0% of the total consideration amounting to RM28,000,000.00 is funded by bank borrowings and the balance is by cash.

⁽⁵⁾ Number of shares as at this announcement.

8.3 EARNINGS AND EARNINGS PER SHARE

The Proposed Acquisition is not expected to have any material effect on the earnings and earnings per share of CHGP for FYE 31 December 2024. Nevertheless, the Proposed Acquisition is expected to be earnings accretive when the Development materialises.

9. LIABILITIES TO BE ASSUMED

Save for any potential bank borrowings that may arise from funding the Purchase Price, there are no other liabilities, including contingent liabilities and guarantees to be assumed by CHGP pursuant to the Agreement.

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 18.96%, calculated based on the Purchase Price and the latest consolidated NA of CHGP Group as at 31 December 2022.

11. APPROVAL REQUIRED

The Agreement is not subject to the approval of the shareholders of CHGP.

The Proposed Acquisition is subject to the approval from Bursa Malaysia Securities Berhad in relation to the regularization plan to be submitted by Ivory whereof the Proposed Acquisition forming part of the regularization plan.

The Agreement is not conditional upon any other corporate exercises undertaken or to be taken by CHGP.

12. INTEREST OF THE DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders and/or any person connected to the Directors and/or major shareholders of CHGP has any interest, either directly or indirectly in the Proposed Acquisition.

13. STATEMENT BY THE BOARD OF DIRECTORS

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

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed on first quarter of the year 2025.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at the Registered Office of CHGP at Suite 16.06, MWE Plaza, No. 8 Lebuq Farquhar, 10200 George Town, Pulau Pinang during normal working hours from Monday to Friday (except public holiday) for a period of 3 months from the date of this announcement.

This announcement is dated 10 January 2024.