

MINETECH RESOURCES BERHAD ("Minetech" or "the Company")

SALE AND PURCHASE AGREEMENT BETWEEN ALLIANCE EV SDN BHD, MEDIUM VISA SDN BHD AND HARAPAN IRINGAN SDN BHD, BOTH THE WHOLLY-OWNED SUBSIDIARIES OF THE COMPANY

(1) INTRODUCTION

The Board of Directors of the Company wishes to announce that its wholly-owned subsidiaries, i.e. Medium Visa Sdn Bhd [Registration No. 200101025574 (561332-M)] ("**MVSB**") and Harapan Iringan Sdn Bhd [Registration No. 200401034587 (673096-T)] ("**HISB**") (collectively known as "**Vendor**") have on 10 May 2022 entered into a Sale and Purchase Agreement ("**SPA**") with Alliance EV Sdn Bhd [Registration No. 202101044738 (1445038-P)] ("**AEVSB**" or "**Purchaser**") in relation to the disposal of three (3) units of properties, details as set out below, for a total sale consideration of RM12,000,000.00 only ("**Consideration**") ("**Disposal**"):-

No.	Property
1.	All that piece of ninety-nine (99) years leasehold land expiring on 8 December 2107 held under HS(D) 357 PT 17211 Mukim Hulu Bernam Timur, Daerah Muallim, Negeri Perak measuring approximately 117,135 square metres in area (" Property 1 ")
2.	All that piece of ninety-nine (99) years leasehold land expiring on 8 December 2107 HS(D) 336 PT 17209 Mukim Hulu Bernam Timur, Daerah Batang Padang, Negeri Perak measuring approximately 7,001.7 square metres in area (" Property 2 ")
3.	All that piece of ninety-nine (99) years leasehold land expiring on 8 December 2107 held under HS(D) 351 PT 17210 Mukim Hulu Bernam Timur, Daerah Batang Padang, Negeri Perak measuring approximately 99,730 square metres in area (" Property 3 ")

(Property 1, Property 2 and Property 3 shall collectively referred to as "**the Properties**").

(2) DETAILS OF THE DISPOSAL

(a) Information of MVSB

MVSB was incorporated in Malaysia on 11 October 2001 as a private company limited by shares under the Companies Act 1965. As at the date of this announcement, the total issued share capital of MVSB is RM2.00 comprising 2 ordinary shares. MVSB is an investment holding company. The Directors of MVSB are Chin Leong Choy and Azlan Shah Bin Zainal Arif. MVSB is a wholly-owned subsidiary of Minetech.

(b) Information of HISB

HISB was incorporated in Malaysia on 26 November 2004 as a private company limited by shares under the Companies Act 1965. As at the date of this announcement, the total issued share capital of HISB is RM2.00 comprising 2 ordinary shares. HISB is a property investment holding company. The Directors of

HISB are Chin Leong Choy and Azlan Shah Bin Zainal Arif. HISB is a wholly-owned subsidiary of Minetech.

(c) Information of AEVSB

AEVSB was incorporated in Malaysia on 29 December 2021 as a private company limited by shares under the Companies Act 2016, having its business address at Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan. As at the date of this announcement, the total issued share capital of AEVSB is RM5,000,000.00 comprising of 5,000,000 ordinary shares. AEVSB is intended to engage in the business of sales and distribution of motor vehicles in particularly Electric Vehicles and providing after sales services including but not limited to supplying charging stations, warranty packages, sales and trading of the related spare parts which are crucial for the Electric Vehicles ecosystem. AEVSB is a wholly-owned subsidiary of CSH Alliance Berhad (“**CSH**”) (formerly known as *KTG Berhad*), a public listed company on Main Market of Bursa Malaysia Securities Berhad. The Directors of AEVSB are Kenny Khaw Chuan Wah and Yap Yee Siew Audrey.

MVSB, HISB and AEVSB shall hereinafter be referred to collectively as “**Parties**” and individually as “**Party**”.

(d) Details of the Properties

	Property 1	Property 2	Property 3
Registered owner	MVSB	MVSB	HISB
Tenure	99 years leasehold	99 years leasehold	99 years leasehold
Existing Use of the Property	Vacant	Vacant	Vacant
Land area	117,135 square metres	7,001.7 square metres	99,730 square metres
Category of land use	“Perindustrian”	“Perindustrian”	“Perindustrian”
Express condition	“Perusahaan”	“Perusahaan”	“Perusahaan”
Restriction in interest	“Tanah ini boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri”	“Tanah ini boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri”	“Tanah ini boleh dipindahmilik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri”
Net book value as of 30 April 2022	RM6,200,000.00	RM500,000.00	RM5,300,000.00
Encumbrances	Charged to Ambank Islamic Berhad (“ the Chargee ”) as security for a loan granted to the Vendor via presentation no:	Free from encumbrances	Free from encumbrances

	2944/2018 dated 29 January 2018. In favour of the Purchaser, Vendor has agreed to obtain the valid redemption statement from the Chargee pursuant to its obligation under the SPA.		
Year of acquisition	2003	2003	2004
Original cost of investment	RM8,830,000.00	RM600,000.00	RM7,510,000.00
Market value/Date of valuation	RM6,200,000.00	RM500,000.00	RM5,300,000.00
Valuer	IPC Island Property Consultants Sdn Bhd (“IPC”)		
Method of valuation	Comparison Method		

(3) SALIENT TERMS OF THE SPA

(a) Disposal

The Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the Properties on an “as is where is” basis with vacant possession and free from all encumbrances but subject to all conditions of title whether express or implied and the existing category of land use affecting the Properties and subject to the terms and conditions as stipulated in the SPA. No guarantees are given by Minetech to AEVSB. The Consideration for each of the Properties are stipulated as below:-

	Property 1	Property 2	Property 3
Consideration	RM6,200,000.00	RM500,000.00	RM5,300,000.00

(b) Condition Precedent

The SPA is conditional upon the approval being obtained from the State Authority for the transfer of the Properties from the Vendor to the Purchaser (“**Approval**”) within 6 months from the date of the SPA or such other extended date to be mutually agreed between the Parties (“**Conditional Period**”).

Provided that the Vendor has obtained the consent from the Chargee for the transfer of the Properties from the Vendor to the Purchaser, if any, the Vendor shall make the necessary application to the State Authority to obtain the Approval.

If the Condition Precedent is not fulfilled within the Conditional Period or the extended Conditional Period, the Purchaser may terminate the SPA and the

Vendor shall refund all the sums paid by Purchaser to the Vendors pursuant to the SPA, free of interest, within 14 days from the date of termination of the SPA and thereafter, upon payment, neither Party shall have any rights or claims against the other save for any antecedent breach of the terms.

The SPA shall become unconditional on the day upon which the Condition Precedent is fulfilled in accordance with the provisions of the SPA ("**Unconditional Date**").

(c) Execution of Transfer

Simultaneously with the execution of the SPA, the Vendor shall execute a valid and registrable Memorandum of Transfer in favour of the Purchaser ("**Transfer**") and shall deliver the same to the Purchaser's solicitors as stakeholders, who are authorised to submit the Transfer to the Collector of Stamp Duty for the purposes of adjudicating and stamping the stamp duty payable upon the SPA becoming unconditional.

Upon the Transfer being adjudicated and stamped, the Purchaser's solicitors are authorised to present the same for registration in accordance with the terms and conditions of the SPA.

(d) Payment of the Consideration

Upon the execution of the SPA, the Purchaser shall pay the Deposit Sum of RM1,200,000.00 only (equivalent to 10% of the Consideration) to the Purchaser's solicitors as stakeholder, the receipt whereof the Vendor hereby acknowledges provided always that the Purchaser's solicitors are authorised to retain a sum of RM360,000.00 only which is equivalent to three percent (3%) of the Consideration to be utilised for remission pursuant to Section 21B of the Real Property Gains Tax Act 1976 ("**Retention Sum**") and to be dealt with in accordance with the SPA.

The Purchaser shall pay the balance of the Consideration ("**the Balance Consideration**") amounting to the sum of RM10,800,000.00 only (equivalent to 90% of the Consideration) within three (3) months from the Unconditional Date, or upon receipt of the Consideration in full by the Vendor or the Vendor's solicitors as stakeholder, whichever is earlier ("**Completion Date**").

In the event that the Purchaser shall fail to pay or procure the payment of the Balance Consideration on or before the Completion Date, the Vendor shall grant to the Purchaser an automatic extension of one (1) month therefrom to pay the same (the last day of which shall hereinafter be referred to as "**the Extended Completion Date**" which expression shall include such further extension of time which may be mutually agreed between the Parties from time to time) provided always that the Purchaser shall be liable to pay to the Vendor late payment interest at the rate of eight per centum (8%) per annum on the Balance Consideration or on the unpaid sum calculated on a day to day basis from the day following the Completion Date to the date of actual payment thereof.

(e) Vacant possession

The Vendor shall deliver to the Purchaser vacant possession of the Properties within seven (7) working days from the date of the Purchaser's solicitor's receipt of the Balance Consideration together with any late payment interest (if any) in full.

(f) Termination and breach

In the event that the Purchaser refuses to proceed with the purchase of the Properties after the SPA become unconditional or the Purchaser fails to pay the Balance Consideration within the Completion Date or the Extended Completion Date, the Vendor shall be entitled to terminate the SPA by a notice in writing to the Purchaser, in which event the Vendor shall be entitled to treat as forfeited the sum equivalent to 10% of the Consideration as agreed liquidated damages and the Vendor shall refund to the Purchaser all other moneys paid towards the Consideration pursuant to the SPA free of interest in accordance with the terms and conditions of the SPA.

In the event that the Vendor breach any provisions of the SPA in any material respects and/or fail to complete the sale and purchase and the Purchaser shall have duly complied with the terms and conditions of the SPA, without prejudice to its remedy of specific performance in law, the Purchaser shall be entitled to terminate the SPA by a notice in writing to the Vendor, in which event the Vendor shall refund all moneys paid by the Purchaser towards the Consideration free from interest in accordance with the terms and conditions of the SPA and in addition to pay the Purchaser the sum equivalent to 10% of the Consideration as agreed liquidated damages.

(4) BASIS AND JUSTIFICATION OF ARRIVING AT THE CONSIDERATION

The Consideration of RM12,000,000.00 was arrived at on a willing buyer and willing seller basis, negotiations and mutual agreement between the Parties after taking into consideration of the following:-

- (i) Combined unaudited net book value of the Properties as at 30 April 2022 of RM RM12,000,000.00; and
- (ii) The market value of RM12,000,000.00 as appraised by IPC based on its valuation report dated 22 April 2022.

The Consideration of RM12,000,000.00 is an exact match to the unaudited net book value of the Properties as at 30 April 2022 and the Properties' market value of RM12,000,000.00.

The valuation carried out on the Properties used the Comparison Method as main valuation methodology.

(5) LIABILITIES TO BE ASSUMED

There are no other liabilities, including contingent liabilities and guarantees, to be assumed by Minetech arising from the Disposal.

(6) EFFECTS OF THE DISPOSAL

The Disposal will not have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of the Company for the financial year ending 31 March 2023.

The Disposal is expected to result in an estimated one-off loss of approximately RM70,000.00 to the Group, which relates to the estimated expenses in relation to the Disposal.

(7) ESTIMATED TIMEFRAME FOR COMPLETION OF THE DISPOSAL

The Disposal is expected to be completed by 4th quarter of 2022 or upon satisfaction of the conditions as set out in the SPA, whichever is later.

(8) PROPOSED UTILISATION OF PROCEEDS FROM THE DISPOSAL

The utilisation of proceeds RM12,000,000.00 arising from the Disposal is breakdown as below:-

	Utilisation of Proceeds (RM'000)	Timeframe
Payroll, allowances and statutory contributions	6,000	12 months
Rental and administrative expenses	700	12 months
Legal, professional and consultant fees	500	12 months
Repayment of borrowings	4,800	12 months
Total	12,000	

(9) RATIONALE FOR THE DISPOSAL

The Disposal provides an opportunity for Minetech Group to unlock the value and monetise the Properties at an attractive price and will enable the Group to raise funds for the working capital requirements and/or repayment of borrowings of the Company and/or its subsidiaries.

(10) HIGHEST PERCENTAGE RATIO APPLICABLE TO THE DISPOSAL

Pursuant to Paragraph 10.02(g) of the MMLR, the highest percentage ratio applicable to the Disposal is 13.22%, based on the aggregate consideration of RM12,000,000.00 compared against the audited consolidated net assets of Minetech for the financial year ended 31 March 2021 of RM90,777,488.00.

(11) APPROVALS REQUIRED

The Disposal is not subject to the approval of the shareholders of Minetech but subject to approval being obtained from the State Authority for the transfer of Properties from the Vendor to Purchaser.

(12) DIRECTORS' RECOMMENDATION

The Board wishes to highlight that Encik Ahmad Ruslan Zahari Bin Zakaria (“**Encik Ruslan**”), the Independent Non-Executive Director of Minetech, is also an Independent Non-Executive Chairman of CSH. Even though Encik Ruslan holds common directorship in both Minetech and CSH, he does not have any direct or indirect interest in Minetech and CSH. In view of good corporate governance, he has however voluntarily abstained and will continue to abstain from all Board deliberations and voting in relation to the Disposal.

The Board of Directors (save for Encik Ruslan), after considering all the aspects of the Disposal, is of the opinion that the Disposal is in the best interest of the Minetech Group.

(13) RISK FACTORS

The Disposal is not expected to pose any risk factors which could materially and/or adversely affect the business opportunities and financial performance of Minetech Group.

(14) DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTEREST AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders and/or persons connected to Directors and/or major shareholders of the Company and the Group has any interest, direct or indirect, in the Disposal.

(15) DOCUMENTS FOR INSPECTION

The SPA and the Valuation Reports are available for shareholders' inspection at the registered office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Monday to Friday (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 10 May 2022.