

## APEX EQUITY HOLDINGS BERHAD

### **Proposed Disposal of One (1) unit of Eleven (11) Storey Commercial Building known as "Menara Apex" owned by Apex Development Sdn. Bhd., a wholly-owned subsidiary of Apex Equity Holdings Berhad for a sales consideration of RM55,000,000.00**

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*(The definitions used in this announcement shall have the same meanings as defined in the announcements dated 16 November 2023 in relation to the Proposed Disposal, unless stated otherwise.)*

Reference is made to the Company's announcement dated 16 November 2023 in relation to the Proposed Disposal of One (1) unit of Eleven (11) Storey Commercial Building known as "Menara Apex" owned by Apex Development Sdn. Bhd., a wholly-owned subsidiary of Apex Equity Holdings Berhad for a sales consideration of RM55,000,000.00. The Board wishes to announce the following additional information as requested by Bursa Malaysia Securities Berhad ("Bursa Securities"):

- 1) To incorporate the salient terms of the SPA, including the conditions precedent as well as the termination and related penalty clauses.

The salient terms and conditions of the Sale and Purchase Agreement ("the SPA") between Apex Development Sdn Bhd ("the Vendor") and New Era Edu Sdn Bhd ("the Purchaser") included, amongst other, the following:-

- (1) The sale of the Property is on a "as is where is basis" and "Lock, stock and barrel" together with fixture and fittings listed therein for a total purchase consideration of RM55,000,000.00.
- (2) The sale of the Property is subject to the following Condition Precedents to be met by the contracting parties:-
  - (i) The Vendor shall have obtained the approval from the relevant land office/registry for the conversion of category of land use from "Agriculture" to "Building for commercial use" and to endorse or cause to be endorsed the same onto the Title at their own cost and expense; and
  - (ii) The parties hereto agree to authorise the Purchaser to appoint a professional valuer to conduct an independent valuation on the said Property and to submit to both parties a formal valuation report confirming that the said Property has an estimated market value of not less than Ringgit Malaysia Fifty-Five Million (RM55.0 million) and both parties shall share the valuation cost equally.

Upon the satisfaction of the above conditions, the SPA shall be deemed unconditional ('the Unconditional Date').

- (3) Prior to the signing of the SPA, the Vendor has paid a deposit equivalent to three per centum (3%) in the sum of RM1,650,000.00 and the balance deposit equivalent to

seven per centum (7%) in the sum of RM3,850,000.00 shall be paid by the Purchaser upon execution of the SPA in the following manner:-

- (a) RM1,650,000.00 equivalent to three per centum (3%) shall be paid to the Purchaser's solicitors as stakeholder upon their undertaking to utilize the same to pay to the Inland Revenue as payment of Real Property Gains Tax in compliance to the RPGT Act.
  - (b) RM2,200,000.00 equivalent to four per centum (4%) shall be paid to the Vendor's solicitors as stakeholder until the Agreement becomes unconditional. The Vendor's solicitors are irrevocably authorised to release the sum of RM2,200,000.00 after the Unconditional Date.
- (4) The Balance Purchase price of RM49,500,000.00 shall be paid to the Vendor's Solicitors as stakeholder within six (6) months from the Unconditional Date (hereinafter referred to as "the Completion Period").
- (5) In the event the Purchaser fails to pay the Balance Purchase Price within the Completion Period, the Vendor shall grant an automatic extension of one (1) month from the Completion Period or such longer period as the parties may mutually agree in writing subject to a late payment interest at the rate of eight per centum (8%) calculated on a daily basis on the actual outstanding Balance Purchase Price (hereinafter referred to as "the Extended Completion Period").
- (6) The date when the Balance Purchase Price together with the late payment interest at the rate of eight per centum (8%) per annum to be calculated on daily basis on the actual outstanding Balance Purchase Price (if any) is received by the Vendor's Solicitors as stakeholder in accordance with the provisions of this Agreement within the Completion Period or the Extended Completion Period shall be the "Completion Date".
- (7) The sale of the Property is also subject to the fulfilment of the following conditions on or before the Completion Period or the Extended Completion Period:
- (i) The procurement of the parties' respective Board of Directors ("Board"), Extraordinary General Meeting ('EGM') shareholders and/or competent authority's approval (where applicable) for the purchase / disposal of the Property;
  - (ii) A certified true copy of the respective Board, EGM, shareholders and/or competent authority's approval (where applicable) shall be served to the other party's Solicitors confirming the relevant condition precedent has been satisfied on their part.
  - (iii) Both parties shall jointly conduct a joint inspection on the Property within twenty-one (21) days from the date of this SPA becomes unconditional to ascertain defects in the Property. The Vendor undertakes to make good the

defects at their own costs and expenses within the Completion Period or Extended Completion Period.

- (iv) The Vendor shall at their own cost and expense apply to the relevant land office/registry to effect the change of name from MONOPOLY ENTERPRISES SDN BHD to APEX DEVELOPMENT SDN BHD pursuant to Section 378 of the National Land Code 22020 and cause the same to be endorsed onto the Title of the Property.
- (8) Immediately after the Unconditional Date, the Purchaser shall be entitled at its own costs and expenses to lodge a private caveat against the Property for the purpose of protecting the Purchaser's interest in the Property and prohibiting any dealings by the Vendor in the Property prior to the completion or lawful termination of the SPA, as the case may be.
- (9) In the event the Purchaser :
  - (i) fails, refuses and/or neglects to pay the Balance Purchase Price and all accrued late payment interest within the stipulated time in the SPA;
  - (ii) fails to perform its obligations in accordance to with the provision of the SPA;
  - (iii) fails, neglects or refuses to perform or comply with any of their undertakings, warranties and covenants on its part herein to be performed;
  - (iv) goes into liquidation or has any order made or resolution passed for winding up or shall enter into any composition or arrangements with its creditors or shall suffer execution to be levied upon any of its goods or effects,

the Vendor shall be entitled to terminate the SPA by giving a written notice of termination to the Purchaser or the Purchaser's Solicitors and forfeit the Deposit as agreed liquidated damages. The Vendor shall refund and/or cause to be refunded to the Purchaser other sums in excess of the Deposit paid by the Purchaser towards account of the Purchase Price (if any) within ten (10) working days from such termination free of interest.

Thereafter, the SPA shall be null and void and shall have no further effect and neither party hereto shall have any claim against the other save and except for any antecedent breach of the SPA. The Vendor shall be at liberty to deal with the Property in any manner as the Vendor shall deem fit without further reference to the Purchaser.

- (10) In the event Vendor breaches any of the material provisions of the SPA and/or in the event the Vendor refuses and/or neglected to complete the sale and purchase transaction herein in the manner provided for in the SPA, the Purchaser shall be entitled to seek the remedy in law of specific performance of the SPA against the Vendor or elect by notice in writing to the Vendor accept a sum equivalent to the Deposit from the Vendor as agreed liquidated damages and to terminate the SPA whereupon the Vendor shall within ten (10) working days upon receipt of such

termination notice from the Purchaser or the Purchaser's Solicitors, pay to the Purchaser a sum equivalent to the Deposit as agreed liquidated damages and refund or cause to be refunded all monies paid by the Purchaser towards account of the Purchase Price herein free of interest.

Thereafter the SPA shall be null and void and shall have no further effect and neither party hereto shall have any claim against the other save and except for any antecedent breach of the SPA. The Vendor shall be at liberty to deal with the Property in any manner as the Vendor shall deem fit without further reference to the Purchaser.

- (11) The Purchaser has inspected the Property prior to the execution of the SPA and agree to accept the Property on an "as is where is" basis in its present state and condition. The Purchaser shall accept the Property in the condition and state in which the same is at the time of inspection thereof and the Vendor shall deliver the Property on "as is where is" basis as at the date of inspection by the Purchaser (fair wear and tear excepted). Save for structural defects to the Building, the Purchaser shall have no claim of any kind whatsoever in respect of any defects or deficiencies which may exist upon the joint inspection duly carried out or may become apparent at any time thereafter or otherwise howsoever and the Purchaser shall not be entitled to make or raise any enquiry, requisition or objection whatsoever in respect thereof.
- (12) In the event that at any stage before the Completion Period or Extended Completion Period of this sale and purchase transaction: -
- (i) the Vendor is prevented or unable to perform its obligations under the terms of the SPA by virtue of any litigation arising from injunction, prohibitory order, caveat and/or by operation of law against the Vendor or the Property, any unforeseeable supervening events which impairs the ability of the Vendor to dispose of the Property to the Purchaser; or
  - (ii) the Purchaser is prevented or unable to perform its obligations under the terms of this Agreement by virtue of any litigation arising from injunction, prohibitory order, caveat and/or by operation of law against the Purchaser or the Property, any unforeseeable supervening events which impairs the ability of the Purchaser to acquire the said Property from the Vendor.

(hereinafter referred to as the "supervening event"), the parties to the SPA mutually agree that the affected party shall rectify the supervening event at their own costs and expenses within six (6) months upon receipt of the notice in writing from the other party and/or their solicitors requiring such rectification or such longer period as parties may mutually agree in writing. Pending such rectification, the time period(s) set out in the SPA for performance of the relevant affected obligations of the parties hereto shall be suspended and the Completion Period and the Extended Completion Period shall be extended for such period of the suspension accordingly.

- (13) In the event that the supervening event cannot be remedied due to no fault of the parties hereto and all remedial actions have been exhausted, either party hereto shall be entitled to rescind the sale and purchase therein by notice in writing to the other/its solicitors

whereupon the Vendor shall forthwith on demand by the Purchaser refund to the Purchaser, free of interest, the full Purchase Price (including the Deposit) or such part thereof as shall have been already paid by the Purchaser to the Vendor or the Vendor's Solicitors as stakeholder (as the case may be).

Thereafter the SPA shall be null and void and shall have no further effect and neither party hereto shall have any claims against the other save and except for any antecedent breach of this Agreement. The Vendor shall be at liberty to deal with the Property in any manner as the Vendor shall deem fit without further reference to the Purchaser.

- 2) To provide the basis of arriving at and the justification for the Sales Consideration of RM55 million.

A valuation was provided to the Company on 22 November 2021. The market value was RM49.0 million. The Disposal Price represents a premium of approximately 12% of the last valuation done.

- 3) To state whether any valuation was carried out on the Property. If yes, to state the name of the independent registered valuer, date and method of valuation and quantification of the market value. To also make the valuation report available for inspection. Otherwise, to provide a negative statement and the factor(s) taken into consideration to ensure that the agreed sales consideration is fair and reasonable to ADSB/AEHB.

The valuation stated in 2) above was issued by Chartwell ITAC International (Kajang) Sdn Bhd (Valuer's Name: Raja Abd Aziz Bin Raja Azlan) using the Comparison Method of Valuation:

<b>Date of Valuations</b>	<b>Market Value</b>
22 November 2021	RM49.0 million

The valuation above is available for inspection at the registered address of the Company.

- 4) To quantify the renovation cost mentioned in Note (2) relating to 'Date and Original Cost of Investment' under Section 2 of the announcement.

The breakdown are as follows:

	<b>RM</b>
Freehold Land Cost	1,318,077
Building Construction Cost	17,658,339
Renovation Cost ( <i>Fully Depreciated</i> )	2,358,056
<b>Total</b>	<b>21,334,472</b>

- 5) To provide the detailed breakdown of the net sales proceeds of RM49.95 million to be utilized for working capital within the next 12 months of receipt.

<b>Explanation</b>	<b>RM</b>
Sales Consideration	55,000,000
Expenses related to the disposal	(1,850,000)
Real Property Gains Tax	(3,200,000)
Working capital into existing businesses and expansion (Note 1)	(49,950,000)

Note 1:

The proceeds from the proposed disposal are intended for various corporate needs of Apex Group, including for working capital, relocation, and growth expansion. The utilisation will also be used for the Group's transformation plan as may be determined by the Board of Directors from time to time to build the Group's capacity to grow its business which includes digitalisation existing processes and infrastructure, system automation, manpower expansion and other relevant areas to achieve greater productivity and operational efficiency.

- 6) To state the occupancy rate of the Property, the total rental income per month or per annum received from the tenants and to provide details on any novation/termination arrangement that has been put in place pertaining to the existing tenancies, if available. To also comment on the impact arising from the loss of rental income to AEHB upon completion of the Proposed Disposal.

Tenant	Tenanted Area (sqft)	Occupancy Rate	Rental/month	Rental/annum
ASB <sup>(1)</sup>	53,637.3 <sup>(2)</sup>	50.6%	107,275	1,287,295
Tenant A (External)	1,750	1.7%	6,500	78,000
Tenant B (External)	4,100	3.9%	5,000	60,000
Rooftop Telcos (External)	-	-	8,200	98,400
Vacant	46,512.7	43.8%	-	-
Total	106,000	100%		

<sup>(1)</sup> Apex Securities Berhad – a wholly owned subsidiary of AEHB

<sup>(2)</sup> Currently occupied by 100 headcount (536 sqft/headcount) and is underutilised.

Novation/Termination

Tenant	Tenancy Expiry	Termination Notice	Novate/ Termination
ASB	30 November 2023 <sup>@</sup>	-	Terminate <sup>@</sup>
Tenant A	Month by Month	1 month notice	Terminate
Tenant B	31 July 2024	3 months' notice	Terminate
Rooftop Telcos	-	-	Novate

<sup>@</sup>Month-by-month extension to be provided until completion of sale or completion of office relocation exercise.

As the estimated completion of the Proposed Disposal is within six (6) months from the signing of the SPA, ADSB will commence the termination/novation with the respective tenants in due course.

Impact arising from the loss of rental income

From the Group's overall perspective, the loss of rental income amounts to RM236,400.00 per annum as the rental earned by ASB, being a wholly owned subsidiary of AEHB, will be eliminated upon consolidation.

- 7) To provide a reconciliation on the increase in the reserves from RM106.698 million as at 31 December 2022 to RM145.726 million after the Proposed Disposal.

Reconciliation	RM'000	RM'000
Reserves as at 31 December 2022		106,698
Sales Consideration	55,000	
NBV as of 30 June 2023 <sup>(1)</sup>	(10,948)	

Estimated expenses associated with the disposal	(1,850)	
RPGT expenses	(3,200)	
Estimated Gain from Disposal		39,002
<b>Reserves after the Proposed Disposal</b>		<b>145,700</b>

<sup>(1)</sup> Save for the Freehold Land which is not depreciated, the Property has been accounted for using the cost model, i.e.: original cost less accumulated depreciation and any impairment losses.

This announcement is dated 21 November 2023.