

AVALAND BERHAD (“AVALAND” OR “COMPANY”)

PROPOSED ACQUISITION BY LEISURE EVENT SDN. BHD. (“LESB” OR “PURCHASER”), A WHOLLY-OWNED SUBSIDIARY OF AVALAND HOLDINGS BERHAD, WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF A PARCEL OF LEASEHOLD DEVELOPMENT LAND MEASURING APPROXIMATELY 2.172 ACRES AT BANDAR PETALING JAYA (“LAND”) FROM COMIT COMMUNICATION TECHNOLOGIES (M) SDN. BHD. (“CCT” OR “VENDOR”) FOR A TOTAL PURCHASE CONSIDERATION OF RM49.0MILLION

1. INTRODUCTION

The Board of Directors of Avaland (“**Board**”) wishes to announce that LESB had on 1 July 2025 entered into a conditional sale and purchase agreement (“**SPA**”) with the Vendor to acquire the Land for a total purchase consideration of RM49.0million (“**Purchase Consideration**”) (“**Proposed Acquisition**”).

Further details of the Proposed Acquisition are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Land

Brief Description of the Land

The Land is located within Section 13, Town of Petaling Jaya, District of Petaling, Selangor Darul Ehsan. Further details of the Land are set out in the table below:

Title No.	H.S.(D) 156434, Lot PT 1A
Mukim / District / State	Bandar Petaling Jaya / Petaling / Selangor Darul Ehsan
Description	A leasehold industrial land parcel currently zoned for mixed-use development
Registered Owner	Comit Communication Technologies (M) Sdn. Bhd.
Category of Land Use	“Industri”
Proposed Usage	High-rise commercial development
Existing Usage	Comprising 2½-storey office building and an annexed single-storey warehouse with a total built-up area of 57,513 square feet. The building is currently being utilised as a car showroom and service workshop by the Vendor and its related companies. The Land will be handed over to the Purchaser with vacant possession upon completion of the SPA.
Tenure	Leasehold 99 years expiring on 20 November 2074 (Unexpired term of approximately 50 years)
Total Land Area	Approximately 2.172 Acres

Valuer	CBRE WTW Valuation & Advisory Sdn Bhd (" CBRE ")
Market Value	RM49.0million
Date of Valuation	4 June 2025
Valuation Method	Comparison Approach and Income Approach (Residual Method)
Net Book Value	RM45.5million
Encumbrances	None

2.2 Prospects and Future Plans for the Land

The preliminary estimated gross development value (GDV) for the Land is approximately RM320.0million. As the Purchaser is currently in the initial stages of development planning, it is premature at this juncture to determine the total development costs, development timeline, and expected profit margin, pending the submission and approval of the detailed development plans for the Land.

2.3 Basis and Justification for the Purchase Consideration

The Purchase Consideration was arrived at on a "willing-buyer, willing-seller" basis after arm's length negotiations between the Purchaser and the Vendor, taking into consideration the following factors:

(i) Strategic Location and Accessibility

The Land is situated in Bandar Petaling Jaya, a matured township with excellent connectivity, access to major highways, and close proximity to public transportation infrastructure. The area benefits from an established residential and commercial catchment, as well as readily available amenities.

(ii) Development Potential

The Land is currently zoned for mixed-use development, offering flexibility for the Purchaser to undertake a high-rise commercial development that aligns with market demand and urban development trends in the Klang Valley.

(iii) Independent Market Valuation

An independent valuation carried out by CBRE dated 4 June 2025 has appraised the market value of the Land at RM49.0million, using the comparison approach and income approach (residual method).

In view of the above, the Board is of the opinion that the Purchase Consideration is fair and reasonable and in the best interests of the Company and its' group of companies ("**Group**").

2.4 Salient Terms of the SPA

(a) Mode of Settlement of the Purchase Consideration

Pursuant to the terms of the SPA, the Purchase Consideration will be satisfied entirely by way of cash.

LESB is required to pay the Purchase Consideration to the Vendor in the following manner:

Details	Date of settlement	Amount (RM'000)
Earnest Deposit	Paid to the Vendor's solicitor on 21 March 2025 as stakeholder and released to the Vendor on 1 July 2025.	3,000
Retention sum for real property gains tax (" RPGT Retention Sum ")	Paid to Purchaser's solicitors as stakeholders for remittance to the Director General of Inland Revenue within sixty (60) days from the date of the Foreign Approval (defined under item 2.4(b) below).	1,470
Balance Deposit (less the RPGT Retention Sum)	Paid to the Vendor upon execution of the SPA.	10,230
Balance of the Purchase Consideration	To be paid to the Vendor's solicitors within three (3) months from the Unconditional Date (defined under item 2.4(b) below) (" Completion Date "), with an extension of one (1) month from the expiry of the Completion Date subject to the payment of interest at the rate of 8% per annum, calculated on a daily basis on the total amount of the balance of the Purchase Consideration remaining outstanding from the day after the Completion Date until the date of full settlement.	34,300
		<u>49,000</u>

(b) Conditions Precedent

- (i) The SPA shall be subject to the fulfilment of the conditions precedent ("**Conditions Precedent**") within six (6) months from the date of the SPA or such other further extended period mutually agreed between the Vendor and the Purchaser ("**Conditional Period**"), amongst others, the Purchaser's receipt of the written approval of the State Authority for the Purchaser to acquire the Land from the Vendor pursuant to Section 433B of the National Land Code ("**Foreign Approval**").
- (ii) The SPA shall become unconditional on the date the fulfilment of the last of the Conditions Precedent ("**Unconditional Date**").
- (iii) In the event any of the Conditions Precedent is not fulfilled within the Conditional Period, either the Vendor or the Purchaser may terminate the SPA by way of written notice ("**Termination Notice**") and within sixty (60) days from the Termination Notice:
 - (a) the Vendor shall refund or cause to be refunded to the Purchaser all moneys paid towards the Purchase Consideration (including the Deposit) free of interest, together with the interest accrued on the Balance Deposit;

- (b) The Purchaser shall return or cause to be returned to the Vendor all documents delivered to the Purchaser and/or the Purchaser's solicitors which have not been submitted to the approving authorities and/or the Purchaser's financier with the interest of the Vendor in the Land as registered proprietor intact and free from the encumbrances attributable to the Purchaser; and
- (c) if the Purchaser shall be in possession of the said Land, the Purchaser shall, at its own costs and expenses, re-deliver to the Vendor vacant possession of the said Land in the same state and condition (fair wear and tear excepted) as at the date possession of the Land was delivered to the Purchaser.

2.5 Source of funding

The Group intends to fund the Purchase Consideration through a combination of internally generated funds and bank borrowings. The exact funding mix will be determined by the management at a later stage, after taking into consideration the Group's gearing level, prevailing interest rates, and the Group's internal cash flow requirements to support ongoing business operations.

2.6 Liabilities to be Assumed by Avaland

Save for the costs and expenses related to the Proposed Acquisition, the Group will not be assuming any additional liabilities pursuant to the Proposed Acquisition.

2.7 Information on the Vendor

CCT is a private limited company incorporated in Malaysia on 31 July 1991 under the then Companies' Act, 1965 and is deemed registered under the Companies Act, 2016. Its principal business is property investment holdings. The issued share capital of the Vendor is RM46,594,190, comprising 44,172,185 ordinary shares. The Vendor is 75.5% owned by Warisan TC Holdings Berhad and 24.5% owned by Tan Chong Motor Holdings Berhad. Both companies are listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

As at the date of the SPA, the directors of the Vendor are Chin Ten Hoy, Tan Keng Meng, Lee Koon Seng, Nicholas Tan Chye Seng and Ho Wai Ming. Tan Soon Huat is an alternate director to Nicholas Tan Chye Seng.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition represents a strategic step in expanding Group's presence within the vibrant and thriving township of Petaling Jaya. The encouraging response to the Group's earlier development across Klang Valley which further reinforces the Group's confidence in this location. With its mature township appeal, excellent infrastructure, and proximity to key urban centres, this acquisition aligns with the Group's long-term strategy of delivering high-quality, sought-after developments in prime growth areas across the Klang Valley.

The Land is strategically located in a matured and affluent neighbourhood in Petaling Jaya, benefiting from well-established public amenities, robust infrastructure, and excellent connectivity. It is located approximately three (3) kilometres ("**km**") from University Malaya and 16km from Kuala Lumpur City Centre. The Land is adjacent to Plaza 33 and enjoys convenient access to prominent destinations including Mid Valley, Bangsar South, Asia Jaya LRT Station, and Phileo Damansara MRT Station. Furthermore, it is easily accessible via major highways such as the Damansara-Puchong Expressway and the Federal Highway.

Given its strategic location, comprehensive infrastructure, and proximity to key urban centres and amenities, the Board is confident that the Proposed Acquisition will support the Group's long-term growth strategy and contribute positively to the Group's future earnings and development pipeline.

4. PROSPECTS

4.1 Overview and Prospects of the Malaysian Economy

The Malaysian economy grew at a higher rate of 4.4% in the first quarter of 2025 (1Q 2024: 4.2%), driven by continued expansion in the manufacturing, construction and services sectors. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects.

In the external sector, export growth was slower mainly due to lower mining exports. This was partially offset by stronger electrical and electronics exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

Moving forward, Malaysia's economic growth in 2025 is expected to be slightly lower than the earlier forecast of 4.5% - 5.5% due to the high uncertainty surrounding outcomes of global trade negotiations. Nonetheless, growth will continue to be anchored primarily by resilient domestic demands which will provide a strong buffer against external headwinds.

(Source: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the First Quarter 2025)

4.2 Overview and Prospects of the Property Industry

The growth of the property market is expected to remain resilient, driven by positive momentum in the construction sector and a continued rise in newly launched residential units. Although the property market maintains a positive outlook, industry players and property developers remain attentive to market dynamics, global economic challenges, and an uncertain external environment.

Construction activity in the residential property subsector recorded significant growth in the first quarter of 2025, where the number of completion units surged by 30.2% to 9,329 units (Q1 2024: 7,168 units), while housing starts rose by 32.5% to 28,344 units (Q1 2024: 21,391 units). This encouraging growth indicates a strengthening development trajectory for the residential subsector. Nevertheless, property transaction performance experienced a slight decline, with the volume and value of transactions decreasing by 6.2% and 8.9%, respectively, to 97,772 transactions valued at RM51.4billion, compared to 104,194 transactions worth RM56.5billion in the same period for 2024.

The performance of residential overhang recorded a total of 23,515 units valued at RM15.0billion, reflecting a marginal increase of 1.6% and 7.7% in volume and value compared to the previous quarter (Q4 2024: 23,149 units worth RM13.9billion). Nevertheless, against the first quarter of 2024, the overhang performance witnessed better momentum, with the volume and value declining by 2.9% and 9.0%, respectively. The serviced apartment overhang recorded a robust performance, with a marginal decline to 18,246 units valued at RM14.6billion, down by 6.7% and 6.9% in volume and value, respectively, compared to the previous quarter.

The MADANI Government has also introduced several catalytic projects under Budget 2025 to stimulate the local economy. The initiatives include an individual income tax relief for housing loan interest payments and the introduction of the Step-Up Financing Scheme under the Housing Credit Guarantee Schemes (SJKP), which serves as a government guarantee specifically to encourage first-time homeownership for the younger generation. Special financial and infrastructure incentives under the Johor-Singapore Special Economic Zone (JS-SEZ), the Special Financial Zone in Forest City, Johor, and ongoing infrastructure developments are expected to further stimulate long-term growth in the property market.

(Source: "Press Release Property Market Report Q1 2025", Valuation and Property Services Department, Ministry of Finance Malaysia)

5. RISK FACTORS

The Proposed Acquisition will expose the Group to the inherent risks associated with the property development industry, in which the Group is already actively engaged. Such risks include, but are not limited to:

- Sensitivity to changes in economic and political conditions;
- Financing risks;
- Delays in the commencement and completion of development projects;
- Intense competition from other property developers;
- Shortages in labour and building material supplies; and
- Fluctuations in the prices of building materials and labour costs.

Any adverse changes in these factors may have a material adverse effect on the Group's financial performance and operations.

However, these risks are inherent in the Group's existing business activities and do not represent new or additional risks arising from the Proposed Acquisition. The Group actively manages and mitigates these risks through various measures, including conducting regular market intelligence surveys, continuously monitoring and adjusting development and marketing strategies in response to evolving economic conditions and market demand, as well as performing ongoing operational reviews to ensure effective risk management.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share Capital and Shareholdings of Substantial Shareholders

The Proposed Acquisition will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company as it does not involve any issuance of new securities by the Company.

6.2 Earnings and Earnings per Share ("EPS")

The Proposed Acquisition is not expected to have a material impact on the earnings and EPS of the Group for the financial year ending 31 December 2025. However, it is expected to contribute positively to the future earnings and EPS of the Group.

6.3 Net Assets ("NA"), NA per Share and Gearing

The Proposed Acquisition is not expected to have a material impact on the Group's net assets ("NA") and NA per share of the Group for the financial year ending 31 December 2025. However, the Proposed Acquisition is expected to enhance the Group's NA over the long term, supported by the potential profit contribution arising from the proposed development of the Land.

The impact of the Proposed Acquisition on the Group's gearing will depend on the final funding mix to be employed, which will be determined at a later stage after considering the Group's overall financial position, cash flow requirements, and prevailing market conditions.

7. HIGHEST PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia ("MMLR") is approximately 4.74%, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

Pursuant thereto, this is a voluntary announcement made pursuant to Paragraph 10.05(2) of the MMLR, as the highest percentage ratio for the Proposed Acquisition is below the 5% threshold for immediate announcement requirement.

8. APPROVALS REQUIRED

Save as mentioned above in Section 2.4(b), the Proposed Acquisition is not subject to the approval of the Company's shareholders or any other regulatory authority.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the directors or major shareholders of the Company or persons connected with them has any interest, whether direct or indirect, in the Proposed Acquisition.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition including the rationale, terms of the SPA, and the potential benefits to the Group, is of the opinion that the Proposed Acquisition is in the best interest of the Company and its shareholders.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by the fourth quarter of 2025.

12. DOCUMENT AVAILABLE FOR INSPECTION

The SPA and the Certificate of Valuation of the Land dated 9 June 2025 issued by CBRE are available for inspection at the Company's business address at Lot C-02, Level 2 Skypark @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 1 July 2025.