

PRG HOLDINGS BERHAD
SALE & PURCHASE AGREEMENT

1. INTRODUCTION

The Board of Directors (“Board”) of PRG Holdings Berhad (“PRG” or the “Company”) wishes to announce that Premier Construction Sdn Bhd (“PCSB” or “Vendor”), a wholly-owned subsidiary of PRG Property Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, has on 26 August 2020 entered into a sale & purchase agreement (“SPA”) with Semangat Hikmat Sdn Bhd (“SHSB” or “Purchaser”) for the disposal of a piece of land located in Taman Gading, Batu Gajah, Perak (“Proposed Disposal”) for a disposal consideration of RM7,200,000.00.

(PCSB and SHSB are referred to individually as the “Party” and collectively as the “Parties”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Details of the Land

Title description	:	LOT-LOT 192522-192603, 192659-192691, 192724-192804, 192887-192903, PT 2867 and PT 2868 Di Taman Gading, Jalan Batu Gajah/Tg. Tualang, Mukim Sungai Terap, Daerah Kinta, Perak Darul Ridzuan.
Postal address	:	Persiaran Gading, Taman Gading, 31000 Batu Gajah, Perak Darul Ridzuan.
Category of land use	:	Residential
Terms of tenure	:	Leasehold (expiry: 09 September 2090)
Land area	:	26,490 square meter / 286,063 square feet
Registered owner	:	PCSB
Existing use	:	<p>The Land forms part of the housing project known as ‘Taman Gading, Batu Gajah in Mukim Sungai Terap, Daerah Kinta, Perak’ (“Project”) undertaken by PCSB.</p> <p>The Land is partially developed with houses partially constructed thereon and infrastructure works partially done.</p>
Encumbrances	:	Nil
Endorsement	:	Private caveats entered by Forte Emerald Sdn Bhd against some of the titles of the Land.

Express condition	:	Nil
Restriction in interest	:	Nil
Audited net book value as at 31 December 2019	:	RM8,660,273
Original cost of investment/ Date of Investment	:	RM8,660,273 / 10 October 2017

2.2 Agreement to sell and purchase

- (i) The Vendor agrees to sell and the Purchaser agrees to purchase the Land free from encumbrances on an “as is where is basis” and with vacant possession, for the consideration and upon the terms and conditions stipulated in the SPA.

2.3 Basis of and justification for the Consideration

The disposal consideration of RM7,200,000 (“Consideration”) was agreed upon on a willing buyer willing seller basis and the Consideration was the highest amount that the Purchaser was willing to pay after negotiations between the Purchaser and the Vendor and taking into consideration the following:

- (i) PCSB would be able to settle all sums owing to creditors in relation to the houses partially constructed thereon and infrastructure works partially done on the Land from the Consideration;
- (ii) the Proposed Disposal is part of the Group’s ongoing effort to streamline its business activities for better efficiency and relieve PRG Group from incurring further losses by disposing its non-performing project;
- (iii) the Consideration can be used as the Group’s working capital for its businesses subject to the operation requirements of the Group at the time of utilisation as well as the working capital to fund the development and construction cost of the projects undertaken by the Group.

The Board of Directors considered that the terms and conditions of the Proposed Disposal to be fair and reasonable and in the interests of the Company and Group.

3. INFORMATION OF THE PARTIES

PCSB

PCSB was incorporated in Malaysia as a private limited company on 9 September 2013. As at the date of this announcement, PRG Property Sdn Bhd, a wholly-owned subsidiary of PRG, is entitled to the entire 5,000,000 issued shares of PCSB.

The Directors of PCBS are Dato’ Wee Cheng Kwan and Cheah Hannon. The principal activity of PCSB is to engage as a contractor for civil and building construction works.

SHSB

SHSB was incorporated in Malaysia as a private limited company on 2 December 2005. SHSB is principally involved in property construction and development.

The issued share capital of SHSB is RM600,000.00 comprising 600,000 ordinary shares. The directors and shareholders of SHSB are Loo Leep Chye and Loo Xin Theng holding 540,000 ordinary shares and 60,000 ordinary shares respectively.

4. SALIENT TERMS OF THE SPA

The salient terms of the SPA include, amongst others, the following:

4.1 Agreement to sell and purchase & payment of Deposit

- (i) In consideration of the sum of RM720,000.00 (“the Deposit”) paid in the following manner to the Vendor, that is to say:
- the sum of RM144,000.00 (“the Earnest Money”) earlier deposited by the Purchaser with the Vendor’s Solicitors as stakeholders;
 - the sum of RM576,000.00 (“the Balance Deposit”) now deposited by the Purchaser with the Purchaser’s Solicitors as stakeholders (to be released to the Vendor’s Solicitors in accordance with the SPA),

by way of deposit and towards part payment of the consideration, the Vendor agrees to sell and the Purchaser agrees to purchase the Land free from encumbrances and with vacant possession on an “as is where is” basis but subject nevertheless to the express and implied conditions of title, for the price of RM7,200,000.00 upon the terms and conditions set out in the SPA.

4.2 Deposit of issue documents of title & Execution of instrument(s) of transfer

- (i) Simultaneously with the execution of the SPA, the Vendor shall:
- [a] deposit the issue documents of title to the Land with the Vendor’s solicitors as stakeholders;
 - [b] execute instrument(s) of transfer in respect of the Land (prepared by the Purchaser’s solicitors) in favour of the Purchaser and/or his nominee(s) (“the Transfer”) and deposit the same with the Purchaser’s solicitors as stakeholders.
- (ii) The Purchaser’s solicitors are authorised to submit the Transfer for adjudication of stamp duty payable thereon as soon as practicable after execution, and shall thereafter hold the same to be dealt with as provided in the SPA.

4.3 Other creditors

The Vendor shall within fourteen (14) days from the date of the SPA:

- (i) cause the Caveator to deposit duly executed Withdrawal of Caveat in respect of the lands caveated by the Caveator, with the Vendor's solicitors as stakeholders. Such Withdrawal of Caveat shall be released to the Purchaser's solicitors in accordance with the SPA;
- (ii) cause the creditors to deposit letters of confirmation with the Vendor's solicitors, confirming the final amount(s) owed by the Vendor to them and undertaking that they shall have no claim whatsoever on the Land upon settlement of the said amount(s) owing to them.

4.4 Vacant possession

The Purchaser shall be entitled to vacant possession of the Land upon expiry of 7 days after presentation of the Transfer for registration.

4.5 Apportionment of quit rent & assessment

The quit rent, assessment and other similar outgoings in respect of the Land shall be apportioned between the Vendor and the Purchaser as at the date of delivery / deemed delivery of vacant possession, and shall be paid or allowed between the Parties accordingly.

4.6 Covenants by the Vendor

The Vendor represents and warrants to the Purchaser as follows:

- (i) that the matters mentioned in the recitals of the SPA (insofar as they relate to the Vendor) are true, correct and accurate in all respects;
- (ii) that (save for the restrictions disclosed in the SPA, if any) the Vendor has full power and authority to execute, deliver and perform the terms of the SPA;
- (iii) the Vendor is the absolute registered and beneficial owner of the Land;
- (iv) that (save as disclosed in the SPA) the Vendor has not charged, assigned or in any manner whatsoever encumbered the Land nor has the Vendor created or permitted to be created any lien on the Land and the Vendor shall not encumber the Land or any part thereof in any way whatsoever from the date of the SPA;
- (v) that (save as may be disclosed in the SPA) the Vendor has not entered into any agreement or contract, and there is no subsisting agreement or contract, with any person, firm, corporation or body whatsoever to sell assign or otherwise dispose of the Land or any part thereof or any interest therein;
- (vi) that the Vendor has not granted any lease, option, licence, tenancy, easement or any other right whatsoever over or in respect of the Land or any part thereof or any rights or interest therein to any firm, person, corporation or body whatsoever;
- (vii) that to the best of the Vendor's knowledge, information and belief, there are no claims adversely affecting the title of the Vendor or the rights of the Vendor to ownership/possession of the Land at the date of the SPA;

- (viii) that to the best of the Vendor's knowledge, information and belief, there are no claims or proceedings whatsoever pending or threatened against Vendor in respect of or arising from the Land and/or affecting the Land or any part thereof adversely in any manner;
- (ix) that the Vendor has not been declared a bankrupt or wound up (as the case may be) and, to the best of the Vendor's knowledge, information and belief, there is/are no bankruptcy/winding-up proceedings commenced or threatened against the Vendor;
- (x) that (save as is disclosed in the SPA and save for the creditors listed thereto) there are no sums owing to consultants, contractors or other parties in relation to or arising from the Project.

The Vendor acknowledges that the Purchaser is purchasing the Land upon the warranties and representations aforesaid, and the Vendor further warrants and represents that all representations above shall survive the signing and delivery of the SPA and until the full and final performance of all obligations under the SPA.

5. FINANCIAL EFFECTS ON PRG

5.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

5.2 Loss per Share

The Proposed Disposal will give rise to a net loss of RM1,460,272.67 or 0.0034 sen per share.

5.3 Net Asset per Share and Gearing

The Proposed Disposal will not have any material effect on the Net Asset per Share and gearing of PRG and its subsidiaries.

6. LIABILITIES TO BE ASSUMED / GUARANTEE TO BE GIVEN

There are no liabilities (including contingent liabilities) which will remain with PCSB after the Proposed Disposal.

There are no guarantees given by PCSB pursuant to the Proposed Disposal.

7. RATIONALE

The Proposed Disposal was undertaken to streamline the business activities of PRG Group, and at the same time provide the Group with the flexibility to re-allocate its cash and other resources efficiently amongst its other property development and construction projects undertaken by the Group.

8. UTILISATION OF PROCEEDS

The proceeds arising from the Proposed Disposal of RM7.20 million is expected to be used as follows:

Purposes	RM'000	Expected timeframe for the utilisation (from the date of SPA)
Settlement of amount due to creditors	4,025	Within 12 months
Working capital for its businesses and for on-going development and construction projects	3,133	Within 24 months
Expenses related to the Proposed Disposal	42	Within 12 months

9. RISK FACTORS

The Proposed Disposal is subject to the terms and conditions of the SPA. There is no assurance that the Proposed Disposal will not be exposed to risks such as inability to fulfil the terms and conditions of the SPA.

The Board will endeavour to take all necessary steps to cause PCSB to complete the Proposed Disposal by ensuring that all terms and conditions under the SPA which are within the Company and PCSB's control are met on a timely basis.

The Group will take necessary steps to mitigate the risks as and when arises.

10. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of PRG's shareholders.

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 5.45%.

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

None of the Directors and/or major shareholders of PRG and/or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

12. STATEMENT BY DIRECTORS

Having considered all the relevant aspects including the rationale and benefits, the Board is of the opinion that the Proposed Disposal is in the best interest of the Company and Group.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, it is expected that the SPA will be completed in the 4th quarter of 2020.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA is available for inspection at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 26 August 2020.