

**PUNCAK NIAGA HOLDINGS BERHAD**

**Extraordinary General Meeting  
7 February 2024**

**Reply to  
Minority Shareholders Watch Group**



*PUNCAK NIAGA HOLDINGS BERHAD*

(Capitalised terms used herein shall have the same meanings as those defined in the Circular dated 22 Jan 2024 in relation to the Proposed Disposal of Lands)

## **Operational & Financial Matters**

### **Question 1:**

**The Group did not open tender for the disposal of the Lands as there was no certainty that the bid price will be close to or above the market value based on the previous offers received and further, the Group would incur additional costs for the open tender exercise. (Page 11 of Circular dated 22 January 2024)**

- (a) What was the highest offer that the Group previously received?**
- (b) What is the estimated cost for the open tender exercise?**

## **Question 1 (Continued)**

### **Answer:**

- (a) Puncak had approached several potential reputable property development companies to offer for the Lands and only five (5) companies had indicated their interest and made their offers. The highest offer previously received was RM35.00 per square foot with a payment tenure of over 8 years by 8 equal yearly instalments. As the offer was much lower than the market value, our Group did not proceed further.

The offer from the Purchaser of RM43.00 per square foot is higher than all the previous offers received and closer to the market value of the Lands.

- (b) The estimated cost including the real estate agency fee and advertising cost for an open tender exercise is estimated at approximately 1% of the disposal consideration, i.e. approximately RM3 million.

## Question 2:

**The Disposal Consideration of RM306.07 million represents a discount of approximately 6% or approximately RM19.40 million to the market value of the Lands as at 11 September 2023. The Board is of the opinion that the discount is justifiable after taking into consideration that the Group is able to simultaneously dispose three (3) pieces of the Group's Lands. In the event of payment default, the Group has the right to subdivide and transfer the portion of Lands to the Purchaser equivalent to the total amount paid by the Purchaser, at discounted price. (Pages 10 & 14 of Circular dated 22 January 2024)**

**Is there any compensation clause (i.e., forfeit of deposit) that allows the Group to claim from the Purchaser in the event of default by the Purchaser to protect shareholders' value given that the Disposal Consideration is already discounted from the market value?**

## Question 2 (Continued)

### Answer:

The Proposed Disposal of Lands were negotiated in good faith by both parties under the guidance of Shariah principles. There is no compensation clause (i.e., forfeit of deposit) that allows the Group to claim from the Purchaser in the event of default by the Purchaser.

Nevertheless, in the event of default by the Purchaser, there will be two (2) possible consequences:

- a. The first consequence is in the event the Purchaser does not provide the Bank Guarantee(s) for the Balance Disposal Price, the Vendor shall have the right to subdivide and transfer the portion of Lands to the Purchaser equivalent to the total amount paid by the Purchaser out of the Disposal Consideration **at the Purchaser's cost**. Thereafter, the Conditional SPAs shall be treated as null and void. The Vendor shall be entitled at its discretion to resell the balance of the Lands; and

## **Question 2 (Continued)**

### **Answer (Continued):**

If the Purchaser has constructed buildings on the Vendor's portion of Lands, the constructed buildings will be transferred to the Vendor at the prevailing market value at the material time subject to the Vendor's agreement and acceptance.

- b. The second consequence is in the event the Purchaser has provided the Bank Guarantee(s) to our Company, we will enforce the Bank Guarantee(s).

Under both possible consequences, the interest of our Company is protected.

### **Question 3:**

**There is no specific timeline for the Purchaser to provide the Bank Guarantee(s) to the Vendor and no specific number of Bank Guarantee(s) to be obtained by the Purchaser to secure the Balance Disposal Price amounting to 80% of the Disposal Consideration. (Page 14 of Circular dated 22 January 2024)**

**Without obtaining the Bank Guarantee upfront to secure the Balance Disposal Price, the Group is exposed to non-completion risk in the event of payment default and more legal complications for right of recourse.**

**Please justify the reasons why Bank Guarantee is not obtained as a security and include as a mandatory term of the Proposed Disposal of the Lands.**

### **Question 3 (Continued)**

#### **Answer:**

The Proposed Disposal of Lands were negotiated on an arm's length basis for the best interest of the Company. Under the Conditional SPAs, the Purchaser does not require to provide the Bank Guarantee, provided the Purchaser satisfy the Balance Disposal Price in accordance to the payment milestones.

The Purchaser must provide the Bank Guarantee if the Purchaser needs the Power of Attorney 2 to deal with the land matters in relation to their intended mixed development or to charge the Lands to facilitate the purchase of the Lands.

We would like to emphasis that the title and legal ownership of the Lands remain with the Group until receiving the full Disposal Consideration or the Bank Guarantee(s) for the Balance Disposal Price from the Purchaser.



#### **Question 4:**

**As at 5 January 2024, the Vendor's solicitors have not received the remainder of the Balance Deposit 2 (Page 8 of Circular dated 22 January 2024). Have the Balance Deposit 2 of RM30,606,574.90 paid by the Purchaser?**

#### **Answer:**

Yes, the Vendor's solicitors had received the Balance Deposit 2, after deducting the 3% Real Property Gain Tax ("RPGT") amounting to RM21,424,602.43 from the Purchaser.

For information, the 3% RPGT amounting to RM9,181,972.47 had been paid earlier by the Purchaser to the Purchaser's solicitors as stakeholder upon execution of the Conditional SPAs on 17 August 2023.

**THANK YOU**