

ASX: SOI

23 April 2014



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Company Announcements Office  
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## Heads of Agreement to acquire 100% of Platinum JV Developments

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### Highlights

- **Soil Sub Technologies Limited** (“SOI”, “the Company” or “Soil Sub Technologies”) has executed a Heads of Agreement to acquire 100% of the issued capital of Malaysian based Platinum JV Developments Sdn Bhd (“PJVD”).
- His Honourable Prime Minister of Malaysia **Yang Amat Berhormat Dato’ Sri Haji Mohammad Najib bin Tun Haji Abdul Razak** and the Deputy Finance Minister of the Malaysian Ministry of Finance **Yang Berhormat Datuk Haji Ahmad bin Haji Maslan** have endorsed PJVD as the Principal Developer for a model township covering 500 acres at Penor (situated 15 kilometres south-west of Kuantan, the capital of the State of Pahang, Malaysia) comprising 5,000 houses (and associated infrastructure) for a budget of RM 1.7 billion (approximately A\$600 million).
- This Affordable Housing Project (subject to, *inter alia*, final contracts, access, permitting and finance) has the potential to extend to the surrounding 1,500 acres (up to 20,000 houses at the Penor site in total). For this reason, infrastructure will be put in place to service 2,000 acres of land.
- The Penor project represents the first phase of this Affordable Housing Project which is targeted at lower to middle income Malaysian citizens.
- In October 2013, the Malaysian Government approved a budget of RM15 billion (A\$5.07 billion) for Affordable Housing for 90,000 homes. The longer-term objective of the Malaysian Government is to build up to 1,000,000 low cost and affordable houses throughout Malaysia.
- The final contract between PJVD and the Malaysian Government is likely to cover affordable housing and infrastructure but exclude public works. The Company will update the market on the timetable for finalising this contract (in addition to the timetable for re-compliance with Chapter 1 and 2 of ASX Listing Rules) in the near term.
- Malaysia is currently experiencing a housing shortage and as part of broader strategy to address this issue, the **Malaysian Government** through Government Linked Companies may propose to acquire houses built by affordable home builders such as PJVD and to lease to qualified Malaysian buyers over a 25-30 year period.
- Initial funding for the project is proposed to include an equity raising in **SOI** (to be renamed **Platinum JV Developments Ltd**) of up to A\$25 million (Lead Manager - **RM Corporate Finance** – AFSL 315235) and a Bond of approximately A\$30 million. The acquisition of PJVD will be subject to **SOI** shareholder approval, due diligence and compliance with Chapter 1 & 2 of ASX Listing Rules.

### Soil Sub Technologies Limited

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## Affordable Housing Project



**Figure 1:** Prime Minister of Malaysia, his Excellency Dato' Sri Haji Mohammad Najib bin Tun Haji Abdul Razak with, far left Mr Guy Le Page (Chairman, Soil Sub Technologies ) and centre, Mr Abdul Ghafar Bin Ramli (Chairman PJVD) in Kuala Lumpur Malaysia, 21 April 2014.

The directors of **Soil Sub Technologies** are pleased to announce that it has executed a Heads of Agreement to acquire 100% of the issued capital of **PJVD** a Malaysian based company that has been endorsed (Figure 1) by the **Prime Minister of Malaysia, his Excellency Dato Sri Haji Mohammed Najib bin Tun Haji Abdul Razak** (the "Prime Minister") and Deputy Finance Minister **Yang Berhomat Datuk Haji Ahmad bin Haji Maslan** to be the Principal Developer of 5,000 houses as part of this Affordable Housing project.

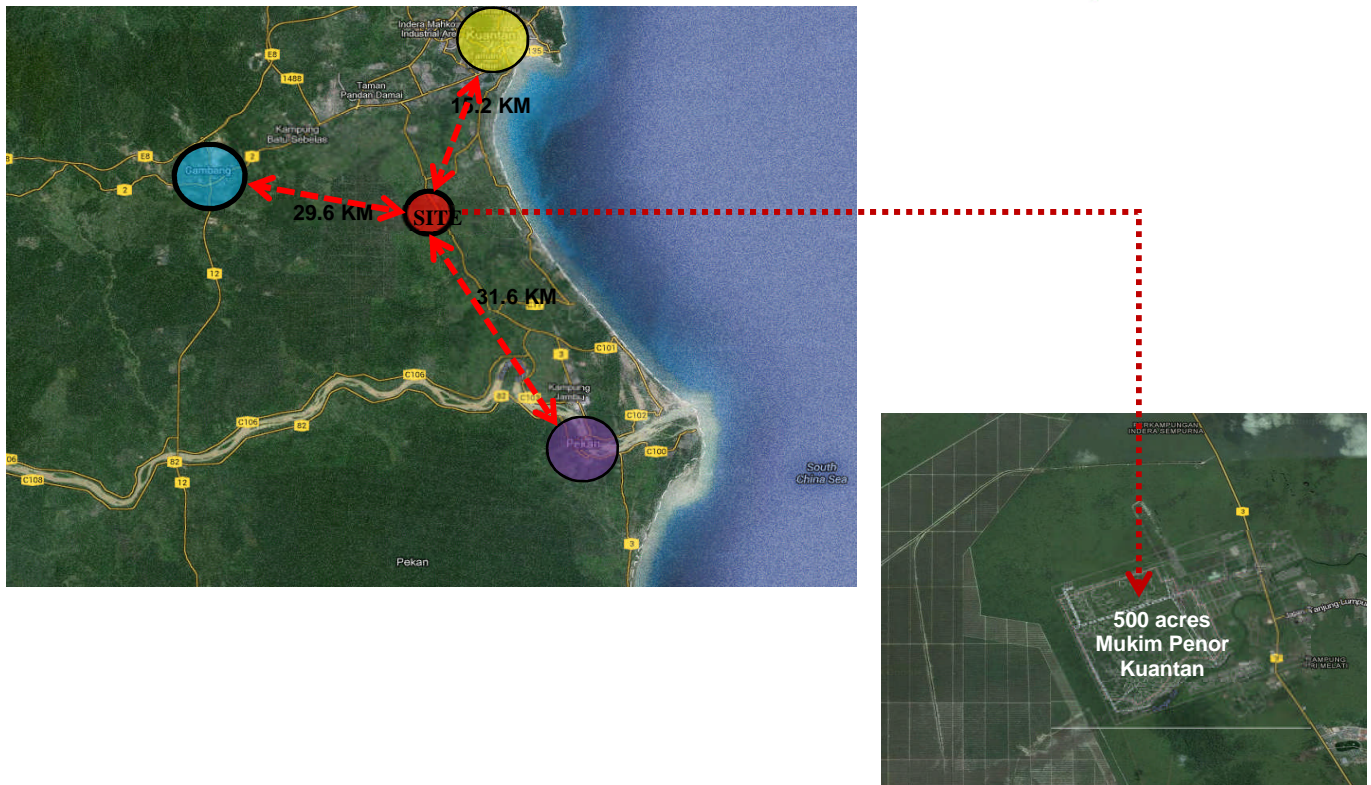
The contract is proposed to cover all infra-structure and housing (excluding public works) on a 500 acre site situated approximately 10 kilometres south west of Kuantan, the capital city of Pahang State, Malaysia.

It is anticipated that, subject to reaching agreement with the current land owners, the State of Pahang (and subject to execution of a satisfactory contract with the Malaysian Government, permitting and finance), that construction could extend to the surrounding 1,500 acres at this site (up to 20,000 houses in total at this site). For this reason, the current Master plan details infrastructure sufficient for a 2,000 acre development.

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**Figure 2:** Location of first phase of Prefer1 Malaysia project at Penor, situated approximately 15 kilometres south-west of Kuantan, Pahang State, Malaysia.

### About PJVD



**Figure 3:** Speed floor systems being constructed in New Zealand.

In addition to assisting the Malaysian Building Industry, **Platinum JV Developments'** philosophy is to fast track technology transfer from Australia and other developed nations. Affordable housing concepts will provide a blend of traditional, modular and pre cast/concrete systems that can be constructed in a fast and efficient manner as part of an environmentally sustainable urban environment.

**PJVD** will aim to complete this first phase of 5,000 affordable homes over 4 years at a rate of 50 houses per month for the first 12 months from commencement of construction. In the process, **PJVD** will promote opportunities for Malaysian employment in addition to the fostering and developing local industry and businesses. This includes the establishment of manufacturing capabilities proximal to the development site

and the introduction of state of the art building technology (Figures 3 to 6).

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**Figure 4:** Pacific Modular Solutions.



**Figure 5:** Pre Cast floor and wall Systems.



**Figure 6:** POD systems

**PJVD** is a private Malaysian owned company that comprises a group of Malaysian and Australian professionals that have aggregated a high-calibre team of companies, professionals and technologies to enable the roll out of a major Affordable Housing Project commencing in Pahang State.

Planning, design and Project Management will comprise a combination of local and international firms whose expertise will cover Town Planning, Architecture, Engineering, Landscape Architecture, Quantity Surveying, Land Survey, Finance, Modular Building Systems and Project Management.

The Master plan for the Pahang Stage site is set out graphically in figure 7.



**Figure 7:** PJVD's Master plan for the 500 acre site near Kuantan, Pahang State.

## Acquisition of PJVD

### Consideration

The commercial terms and conditions for the acquisition of **PJVD** are set out as follows:

- The issue of 60% of the issued capital of **SOI** to **PJVD** immediately prior to the capital raising as part of the Company's re-compliance with Chapter 1 and 2 of ASX Listing Rules.
- Three Performance Milestone Share issues (subject to grant of ASX waiver) of A\$2.0 million of Shares for each milestone based on **SOI** returning a Net Profit After Tax of A\$10 million (within 3 yrs), A\$20 million (within 4 yrs) and A\$30 million (within 5 yrs) from the date of re-quotations of the **SOI**'s securities on ASX.
- The reimbursement to **PJVD** of up to A\$1.0 million in past verifiable expenses.
- Completion of satisfactory due diligence on **PJVD**, to the satisfaction of **SOI**.



## Conclusion and Timetable

The acquisition of **PJVD** represents a tremendous opportunity for **SOI** to transform itself into a developer of a large-scale Affordable Housing Project commencing in Pahang State, Malaysia. Importantly (subject to the Company's performance, land availability, finance and execution of agreements with the Malaysian Government) there is an excellent chance of expanding this project both within Pahang State and in other States of Malaysia where affordable housing remains a priority Government Policy.

The Company intends to update the market in the near term in respect to the timetable in respect to re-compliance with Chapter 1 and 2 of ASX Listing Rules and the project development timetable and associated agreements and contracts.

On behalf of the board of directors of **SOI**, in conjunction with **PJVD**, we are looking forward to making a significant contribution to this Malaysian government social initiative and in the process, improving the lives of working Malaysians.

For any further information please contact the Company on +61-8-9488-0800.

Yours Sincerely

A handwritten signature in black ink that reads "Guy T. Le Page".

Guy T. Le Page, MAusIMM, FFIN  
**Chairman**

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