

SUNSURIA BERHAD (“SUNSURIA” OR THE “COMPANY”)

- (I) PROPOSED ACQUISITION OF 20% EQUITY INTEREST IN KL CITY GATEWAY SDN BHD (“KLCG”) FROM SCENIC STARHILL SDN BHD (“SCENIC STARHILL” OR “VENDOR”) FOR A TOTAL CASH CONSIDERATION OF RM10,470,589 (“PROPOSED ACQUISITION”); AND
- (II) PROPOSED PROVISION OF FINANCIAL ASSISTANCE OF UP TO RM40,000,000 TO KLCG UPON COMPLETION OF THE PROPOSED ACQUISITION (“PROPOSED PROVISION OF FINANCIAL ASSISTANCE”)

(COLLECTIVELY, THE “PROPOSALS”)

1. INTRODUCTION

The Board of Directors of the Company (the “**Board**”) wishes to announce that the Company had, on 15 November 2024, entered into a conditional shares sale and purchase agreement with Scenic Starhill (“**SSPA**”) in relation to the proposed acquisition by the Company of 470,589 ordinary shares in KLCG (“**KLCG Share(s)**” or “**Sale Share(s)**”), representing 20.00% of the total issued share capital of KLCG, from Scenic Starhill for a total cash consideration of RM10,470,589 (“**KLCG Purchase Consideration**”). Upon completion of the Proposed Acquisition, the Company’s shareholding in KLCG will increase from nil to 20%.

In conjunction with the Proposed Acquisition, the Company had, on even date, entered into a shareholders’ agreement with Suez Capital Sdn Bhd (“**Suez Capital**”), Scenic Starhill, Transworld Equity Sdn Bhd (“**Transworld**”), Yedor Holdings Sdn Bhd (“**Yedor**”) and Yeoh Ah Tu (collectively, “**KLCG Existing Shareholders**”) to regulate the relationship between the Company and KLCG Existing Shareholders as shareholders of KLCG upon the completion of the Proposed Acquisition (“**SHA**”).

(Suez Capital, Scenic Starhill and Transworld are collectively referred to as the “**Suez Capital Group**”).

Pursuant to the terms of the SHA, the Company shall be obliged to, amongst others, undertake the Proposed Provision of Financial Assistance.

The Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) due to the interests of Tan Sri Datuk Ter Leong Yap (“**Tan Sri Datuk Ter**”), the Executive Chairman and major shareholder of the Company and Ter Shin Nie, the non-independent executive director of the Company (collectively, the “**Interested Directors**”), as set out in **Section 10** of this Announcement.

Further details of the Proposals are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

The Proposed Acquisition entails the acquisition by the Company of the Sale Shares, representing 20.00% equity interest in KLCG, from Scenic Starhill for the KLCG Purchase Consideration, free from all charges, pledges or liens or any other encumbrances together with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) upon the terms and subject to the conditions set out in the SSPA.

The salient terms of the SSPA and SHA are set out in **Appendix III** and **Appendix IV** of this Announcement.

The shareholding structure of KLCG as at 22 October 2024, being the latest practicable date prior to this Announcement (“**LPD**”) and upon completion of the Proposed Acquisition, will be as follows:

Shareholders	As at the LPD		Upon completion of the Proposed Acquisition	
	No. of KLCG Shares	%	No. of KLCG Shares	%
Company	-	-	470,589	20.00
Suez Capital	1,317,647	56.00	1,317,647	56.00
Transworld	300,000	12.75	300,000	12.75
Scenic Starhill	500,000	21.25	29,411	1.25
Yedor	117,647	5.00	117,647	5.00
Yeoh Ah Tu	117,647	5.00	117,647	5.00
Total	2,352,941	100.00	2,352,941	100.00

2.1.1 Information on KLCG

KLCG was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 20 July 2005 under the name of Ritzy Gloss Sdn Bhd and is deemed registered under the Companies Act 2016 (“**Act**”). It assumed its present name on 15 August 2024. The principal activity of KLCG is property development and it commenced its operations on 8 August 2016.

KLCG is the developer of approximately 9.66 acres of land located at Kampung Sungai Baru, where the redevelopment comprises Phase 1 and Phase 2 (“**Proposed Redevelopment**”).

Phase 1 of the Proposed Redevelopment, which covers an area of approximately 7.95 acres of land (“**Subject Property**”), will be developed into a high-rise, mixed-use integrated development, which will include both residential and commercial components (“**Proposed Phase 1 Development**”).

Further, KLCG has entered into a joint venture agreement with 8 existing landowners for Phase 2 of the Proposed Redevelopment. However, KLCG has yet to commence the land acquisition process for Phase 2, which covers an area of approximately 1.71 acres.

Further information on KLCG and the Vendor is set out in **Appendix I** and **Appendix II** of this Announcement.

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2.1.2 Information of the Subject Property

The location of the Subject Property is depicted in the map below:



Details of the Subject Property and salient terms of the valuation certificate are as follows:

Identification ^(a)	5 parcels of development land with mixed development potential															
Address	Along Jalan Sungai Baru, Kuala Lumpur															
Area	32,172.51 sqm (approximately 7.95 acres)															
Existing category of use	Building															
Proposed use	Mixed development of residential/service apartments, retail lots, business suits and carpark															
Tenure	<table border="1"> <thead> <tr> <th>Title</th> <th>Tenure</th> </tr> </thead> <tbody> <tr> <td>Lot Nos. 2089, 2090, 2092, 2097, 2098, 2101 to 2104, 2109, 2114, 2117, 2119, 2135, 2139, 2143, 2146, 2175 to 2178, 2181, 2182, 2185, 2187, 2190, 2196, 2199, 2120, 2121, 2154 & 2155, Section 41</td> <td>Leasehold 99 years expiring on 12 April 2078 (Unexpired terms of approximately 54 years)</td> </tr> <tr> <td>Lot Nos. 2195 & 2201, Section 41</td> <td>Leasehold 99 years expiring on 10 October 2078 (Unexpired terms of approximately 54 years)</td> </tr> <tr> <td>Lot Nos. PT 50018 to 50021, PT 50025 to PT 50031, PT 50033 & PT 50035 to PT 50037, Section 41</td> <td>Leasehold 99 years expiring on 18 March 2123 (Unexpired terms of approximately 99 years)</td> </tr> <tr> <td>Lot Nos. PT 50022 to PT 50024, PT 50032, PT 50034, PT 50038 to PT 50044, Section 41</td> <td>Leasehold 99 years expiring on 20 March 2123 (Unexpired terms of approximately 99 years)</td> </tr> <tr> <td>Lot Nos. PT 50046 to PT 50050, Section 41</td> <td>Leasehold 99 years expiring on 7 August 2123 (Unexpired terms of approximately 99 years)</td> </tr> <tr> <td>Lot Nos. 2137</td> <td>Leasehold 99 years expiring on 12 April 2077 (Unexpired terms of approximately 53 years)</td> </tr> </tbody> </table>		Title	Tenure	Lot Nos. 2089, 2090, 2092, 2097, 2098, 2101 to 2104, 2109, 2114, 2117, 2119, 2135, 2139, 2143, 2146, 2175 to 2178, 2181, 2182, 2185, 2187, 2190, 2196, 2199, 2120, 2121, 2154 & 2155, Section 41	Leasehold 99 years expiring on 12 April 2078 (Unexpired terms of approximately 54 years)	Lot Nos. 2195 & 2201, Section 41	Leasehold 99 years expiring on 10 October 2078 (Unexpired terms of approximately 54 years)	Lot Nos. PT 50018 to 50021, PT 50025 to PT 50031, PT 50033 & PT 50035 to PT 50037, Section 41	Leasehold 99 years expiring on 18 March 2123 (Unexpired terms of approximately 99 years)	Lot Nos. PT 50022 to PT 50024, PT 50032, PT 50034, PT 50038 to PT 50044, Section 41	Leasehold 99 years expiring on 20 March 2123 (Unexpired terms of approximately 99 years)	Lot Nos. PT 50046 to PT 50050, Section 41	Leasehold 99 years expiring on 7 August 2123 (Unexpired terms of approximately 99 years)	Lot Nos. 2137	Leasehold 99 years expiring on 12 April 2077 (Unexpired terms of approximately 53 years)
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Date of valuation	30 September 2024
Independent registered valuer	CBRE WTW Valuation & Advisory Sdn Bhd (" CBRE WTW ")
Method of valuation ^(b)	Income approach (residual method) (" Income Approach ")
Market value	RM200.00 million
Audited net book value as at 31 December 2023	RM112.05 million
Encumbrances	Nil
Details of the Proposed Phase 1 Development	<ul style="list-style-type: none"> • 582 units of residential apartment • 658 units of service apartment • 760 units of business suites • 657 units of commercial lots • 19 units of retail lots • Public park
Estimated Gross Development Value (" GDV ") ^(c)	RM2.68 billion
Estimated Gross Development Cost (" GDC ") (including land cost) ^(c)	RM1.53 billion
Launched/Expected completion of the development	July 2025/ August 2034

Notes:

- (a) *Comprises 67 parcels of building title land which will be amalgamated into 5 parcels of development land with mixed development potential with a total land area of 7.95 acres.*
- (b) *In arriving at the market value of the Subject Property, CBRE WTW has appraised the Subject Property using the Income Approach as the only approach. Under the Income Approach, consideration is given to the GDV of the project (excluding the replacement units) and deducting the GDV from the estimated costs of development including preliminaries, development and statutory charges, joint venture and compulsory land acquisition cost, construction costs and professional fees, financing charges and developer's profit. The resultant value is then deferred over a period of time for the completion of the project to arrive at the market value.*
- (c) *The estimated GDV and GDC (including land cost) are based on the preliminary studies conducted by the Company and have not been verified by CBRE WTW.*

As at the LPD, the application for the master planning approval (*Kebenaran Merancang Susunatur*) to develop the Subject Property was submitted on 12 October 2023 and is pending approval from Dewan Bandaraya Kuala Lumpur.

2.1.3 Basis and justification of arriving at the KLCG Purchase Consideration

The KLCG Purchase Consideration was arrived at on a willing buyer willing seller basis after taking into consideration the following:

- (i) market value of the Subject Property of RM200.00 million as at 30 September 2024, as appraised by CBRE WTW, being the independent registered valuer appointed by the Company, vide its valuation certificate dated 25 October 2024 ("**Subject Property Valuation Certificate**"); and

- (ii) adjusted unaudited net assets (“NA”) or net liabilities (“NL”) of KLCG as at 30 September 2024, after taking into consideration the revaluation surplus arising from the valuation of Subject Property, and the deferred tax amount arising thereof, which was arrived at as follows:

	<u>Ref.</u>	<u>RM'000</u>	<u>RM'000</u>
Unaudited NL as at 30 September 2024	A	-	(2,479)
<u>Adjustment to the fair value of the Subject Property</u>			
Market value as at 30 September 2024		200,000	
Less: Net book value (“NBV”) of the Subject Property as at 30 September 2024 ^(a)		(124,343)	
Revaluation surplus		<u>75,657</u>	
Less: Deferred tax liabilities at the rate of 24.0%		<u>(18,158)</u>	
Net revaluation surplus	B		57,499
Adjusted unaudited NA as at 30 September 2024	C = A + B		<u>55,020</u>
Adjusted unaudited NA represented by the Sale Share(s)	D = C x 20.0%		11,004
Purchase Consideration			10,470
Discount			4.85%

Note:

- (a) *In arriving at the market value, the additional compensation for compulsory land acquisition of approximately RM3,837,000 has been taken into account in the estimated cost of development under the Income Approach adopted by CBRE WTW. The NBV of the Subject Property also includes the abovementioned provision for additional compensation of RM3,837,000. Hence, the NBV has been adjusted by such amount to avoid double counting.*

The KLCG Purchase Consideration represents a discount of approximately RM0.53 million or 4.85% to the adjusted unaudited NA represented by the Sale Shares.

In justifying the KLCG Purchase Consideration, the Board (save for the Interested Directors) has taken into consideration the following:

- (i) the resulting shareholding of the Company in KLCG after the Proposed Acquisition;
- (ii) the additional financial commitment expected to be incurred on the Proposed Phase 1 Development as set out in **Section 2.1.7** of this Announcement;
- (iii) the rationale and benefits of the Proposed Acquisition as set out in **Section 3** of this Announcement; and
- (iv) the prospects of KLCG as set out in **Section 4** of this Announcement.

2.1.4 Mode of settlement of the KLCG Purchase Consideration

Pursuant to the terms of the SSPA, the KLCG Purchase Consideration of RM10,470,589 will be satisfied entirely by cash.

2.1.5 Source of funding

The KLCG Purchase Consideration will be funded via the Company's internally generated funds and/or bank borrowings, the proportion of which will be determined later after taking into consideration, amongst others, gearing level, interest costs and internal cash requirements of the Company and its subsidiaries (collectively, "**Sunsuria Group**" or the "**Group**").

For information purposes, Sunsuria Group's cash and cash equivalents stood at approximately RM314.22 million based on the latest unaudited financial statements of the Group as at 30 June 2024.

2.1.6 Liabilities to be assumed

There are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Company arising from the Proposed Acquisition.

The shareholder's advances to be provided by the Company pursuant to the Proposed Provision of Financial Assistance are not considered a liability to be assumed by the Company arising from the Proposed Acquisition as these shareholder's advances to be extended by the Company to KLCG must be repaid by KLCG to the Company together with all the accrued interest.

2.1.7 Additional financial commitment

Save for the estimated cost of approximately RM1.35 billion for the Proposed Phase 1 Development, which is expected to be incurred by KLCG over a period of 9 years from 2025 until 2034, the Company does not foresee any additional material financial commitment required to complete the Proposed Phase 1 Development after the completion of the Proposed Acquisition. The cost of development of the Proposed Phase 1 Development may be funded via internally generated funds, shareholders' advances, bank borrowings and/or sale proceeds from the Proposed Phase 1 Development units after taking into consideration KLCG's gearing level and working capital requirement.

2.1.8 Original cost and date of investment

The original cost and date of investment of the Vendor in KLCG are as follows:

<u>Vendor</u>	<u>Date of investment</u>	<u>No. of KLCG Shares</u>	<u>Cost of investment (RM)</u>
Scenic Starhill	6 May 2016	1,000	5,419
	24 February 2017	499,000	499,000
Total		500,000	504,419

2.2 Proposed Provision of Financial Assistance

Pursuant to the terms of the SHA, the current shareholders' advances to KLCG are required to be adjusted in proportion to the respective shareholders' shareholdings in KLCG after the completion of the Proposed Acquisition. Based on KLCG's estimated shareholders' advances requirement of up to RM200.0 million ("**Estimated KLCG Shareholders' Advances**"), the Company is required to provide up to RM40.0 million shareholders' advances, which is in

proportion to the Company's resulting 20.0% shareholding in KLCG ("KLCG Shareholders' Advances").

The advances to KLCG from the respective shareholders as at 30 September 2024 and after the Proposed Acquisition are as follows:

	Shareholder advances as at 30 September 2024		Estimated shareholder advances after the Proposed Acquisition		Estimated KLCG Shareholders' Advances	
	RM'000	%	RM'000	%	RM'000	%
Company	-	-	⁽²⁾ 24,294	20.00	40,000	20.00
Suez Capital	75,969	62.55	68,022	56.00	112,000	56.00
Scenic Starhill	-	-	⁽⁴⁾ 1,518	1.25	⁽⁴⁾ 2,500	1.25
Transworld	25,500	20.99	15,487	12.75	25,500	12.75
Yedor	10,000	8.23	6,073	5.00	10,000	5.00
Yeoh Ah Tu	10,000	8.23	6,073	5.00	10,000	5.00
Total⁽¹⁾	121,469	100.00	121,469	100.00	⁽³⁾200,000	100.00

Notes:-

- (1) The shareholders' advances exclude interest payable by KLCG to the respective shareholders.
- (2) For illustrative purposes, based on the shareholders' advances as at 30 September 2024, the Company will be required to advance up to RM24.29 million to KLCG, representing the Company's 20.0% shareholding within 1 month from the completion date of the Proposed Acquisition. Thereafter, KLCG will use the funds received from the Company to repay the surplus in advances made by KLCG Existing Shareholders ensuring that the advances from KLCG Existing Shareholders and the Company are adjusted in proportion to reflect their respective shareholdings in KLCG following completion of the Proposed Acquisition ("**Adjustment of KLCG Shareholders' Advances**").

Pursuant to the terms of the SHA, KLCG Existing Shareholders are not obligated to extend any further advances to KLCG until the Adjustment of KLCG Shareholders' Advances is completed.
- (3) Based on the estimated shareholders' advances of approximately RM200.00 million.
- (4) As Scenic Starhill is a wholly-owned subsidiary of Suez Capital, in the event that Scenic Starhill is unable to provide all or any part of its shareholder's advances, the shortfall shall be contributed by Suez Capital.

The KLCG Shareholders' Advances will be funded via the Company's internally generated funds and/or bank borrowings, the proportion of which will be determined later after taking into consideration, amongst others, gearing level, interest costs and internal cash requirements of Sunsuria Group.

Apart from the KLCG Shareholders' Advances, pursuant to the terms of the SHA, the Company may also be required to provide additional advances to KLCG and/or corporate guarantees for the financing facilities to be obtained by KLCG, the actual quantum of which cannot be determined at this juncture as the amount will depend on the cost of the Proposed Phase 1 Development at the relevant point in time. In any event, the Company will observe and comply with the provisions in the Listing Requirements with regard to the additional provision of financial assistance by the Company to KLCG.

3. RATIONALE AND BENEFITS OF THE PROPOSALS

3.1 Proposed Acquisition

The Proposed Acquisition is being undertaken to enable the Company to participate in the Proposed Phase 1 Development.

With the estimated GDV of the Proposed Phase 1 Development of approximately RM2.68 billion, the Proposed Phase 1 Development is expected to contribute positively to the earnings of Sunsuria Group over the long term as the Group will recognise KLCG as an associated company and account for KLCG's net income by applying the equity accounting method with the 20.00% share of profit after tax.

3.2 Proposed Provision of Financial Assistance

The Proposed Provision of Financial Assistance is intended to provide working capital to KLCG to fund the Proposed Phase 1 Development.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5.9% in the second quarter (“Q2”) of 2024 (first quarter (“Q1”) of 2024: 4.2%), mainly supported by (i) stronger private consumption amid positive labour market conditions and larger policy support; (ii) further recovery in goods exports and higher tourist arrivals; and (iii) robust expansion in investment activities.

On the demand side, stronger private sector expenditure amid improvement in net exports continued to support the growth of the Malaysian economy for Q2. Private consumption increased by 6.0% (Q1 2024: 4.7%) due to stronger spending amid positive labour market conditions and larger policy support. Private investment increased by 12.0% (Q1 2024: 9.2%) supported by robust capacity expansion by businesses, especially in the manufacturing and services sector. Public consumption increased by 3.6% (Q1 2024: 7.3%) due to continued support from Government spending on emolument and supplies and services. Public investment increased by 9.1% (Q1 2024: 11.5%) as a result of further expansion in fixed assets spending by the Government and public corporations. On the external front, net exports increased by 3.4% (Q1 2024: -24.5%) due to improving exports amid higher external demand and global technology upcycle.

On the supply side, the services, manufacturing, agriculture, mining and construction sectors recorded higher growth. The services sector grew by 5.9% (Q1 2024: 4.8%) due to broad-based improvement across consumer and business-related services. The manufacturing sector grew by 4.7% (Q1 2024: 1.9%) due to higher growth across export and domestic oriented industries. The agriculture sector grew by 7.2% (Q1 2024: 1.7%) mainly due to stronger production in oil palm and fisheries subsectors. The mining sector grew by 2.7% (Q1 2024: 5.7%) mainly driven by lower growth in oil and gas subsector following production disruption in May 2024. The construction sector grew by 17.3% (Q1 2024: 11.9%) mainly attributable to higher activities in civil engineering and special trade subsectors.

Growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with larger support from exports recovery. Investment activities will be supported by continued implementation of multi-year projects in both the private and public sectors and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. Private consumption will be supported by sustained growth in income along with larger policy measures. Higher spillover from global tech upcycle will lift exports while tourist arrivals and spending are expected to improve further.

The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and lower than-expected commodity production. Nevertheless, greater spillover from the technology upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

(Source: Bank Negara Malaysia Quarterly Bulletin, Second Quarter 2024)

4.2 Overview and outlook of the property market in Malaysia

The property market has gradually increased in 2023, higher after the downturn in 2020 due to Covid-19 pandemic. A total of 399,008 transactions worth RM196.83 billion were recorded, each showing an increase of 2.5% and 9.9% respectively compared to 2022, which recorded 389,107 transactions worth RM179.07 billion. Of the total transactions, 77.7% (309,861 transactions) and 18.6% (74,405 transactions) were transfers dated in 2023 and 2022 respectively while the remaining percentage share was for prior years' transfers.

Sectoral market activity performance showed upward movements. Residential, commercial, industrial and development land sub-sectors recorded year-on-year growths of 3.0%, 23.3%, 0.9% and 5.0% respectively, whereas agricultural sub-sector recorded otherwise, declined by 7.8% in volume.

Value of transactions recorded higher increase for all subsectors i.e. residential, commercial, industrial, agriculture and development land and others, each at 7.1%, 17.5%, 13.1%, 4.6% and 13.8% respectively.

Residential sub-sector led the overall property market, with 62.8% contribution in volume. This was followed by agriculture (19.0%), commercial (10.1%), development land and others (6.1%) and industrial (2.0%). Similarly in value, residential took the lead with 51.3% share, followed by commercial (19.5%), industrial (12.2%), agriculture (9.5%) and development land and others (7.5%).

(Source: Property Market Report 2023, JPPH Malaysia, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

4.3 Overview and outlook of the property market in Central Region, Malaysia (Selangor, Kuala Lumpur and Putrajaya)

In 2023, the Central Region property market activity recorded a total of 95,358 transactions worth RM79.49 billion, with marginal growth by 1.6% and 0.8% in volume and value respectively as compared to 2022. Combined, these three states formed 23.9% and 40.4% of the national volume and value of transactions.

In terms of transaction volume, Kuala Lumpur and Putrajaya showed an upward trend by 11.1% and 4.6% respectively. While Selangor shown slightly down at 0.7%. In terms of transaction value, Putrajaya and Selangor shown an increased by 20.4% and 1.9% respectively, while Kuala Lumpur decreased slightly by 2.7% compared to the same period last year.

By state, Selangor dominated the region's overall property transactions with 78.3% in volume (74,626 transactions) and 71.9% in value (RM57.15 billion) of the total transactions Central Region. By sub-sector, residential continued to dominate the region's property transactions, contributing 72.5% (69,117 transactions) of the total. Likewise, residential sub-sector dominated the region's overall property transaction value with 53.0% share.

Residential Property

The Central Region residential property market performance softened in 2023, indicated by the contraction in market activities. The region registered 69,117 transactions worth RM42.12 billion, decreased by 1.3% and 1.6% in volume and value respectively as compared to 2022. States performances were mixed. Putrajaya and Selangor recorded lower volume of transactions by 2.7% and 2.6% respectively. Meanwhile Kuala Lumpur recorded increasing of transactions volume by 4.3%.

In terms of transaction value, Kuala Lumpur and Selangor states showed downward trend 3.4% and 1.1% respectively, while Putrajaya increased by 6.3%.

In 2023, the Central Region primary market declined for new launches in Kuala Lumpur and Putrajaya. Kuala Lumpur recorded 5,927 new launches, decreased by 42.6% compared to 2022 (10,324 units), meanwhile Putrajaya decreased by 38.2% to 338 units (2022: 547 units). Selangor recorded 11,542 units new launches compared to 11,176 units in 2022, increased by 3.3%.

In 2023, the residential overhang situation saw mixed movements in the review period. Selangor and Putrajaya charted 3,405 units and 137 units respectively, reduced by 7.9% and 40.7% compared to 2022 (Selangor 3,698 units; Putrajaya 231 units). Meanwhile, overhang unit in Kuala Lumpur increased 3.1% to 3,535 units compared to 2022 (3,429 units). The unsold under construction unit in the Central Region reduced by 27.0% (12,620 units) compared to 2022 (17,280 units). Meanwhile the unsold not constructed decreased by 9.8% (4,804 units) compared to 2022 (5,323 units).

Commercial Property (Shop)

In 2023, the commercial property in the Central Region recorded 16,412 transactions worth RM19.24 billion, increased by 21.9% in volume and 0.4% in value against 2022. More market activity was recorded as the transaction volume in Putrajaya, Kuala Lumpur and Selangor increased by 58.1%, 30.9% and 16.8% respectively.

Shop sub-sector recorded 3,872 transactions worth RM6.15 billion in 2023, accounting for 23.6% in volume and 32.0% in value of commercial property transactions in the region. Selangor continued to drive the sub-sector with 3,121 transactions worth RM4.34 billion, accounting for 80.6% and 70.5% respectively of the shop transactions volume and value. Kuala Lumpur took up 19.0% market share in transactions volume and 28.9% in transactions value, followed by Putrajaya contribute a slight share of 0.4% and 0.6% in transactions volume and value.

The shop overhang situation in Central Region improved as the numbers declined in all states. Kuala Lumpur recorded 23 units, decreased by 72.0% (2022: 82 units), Putrajaya (9 units) decreased by 47.1% (2022: 17 units) and Selangor (374 units) decreased by 7.4% (2022: 404 units). In terms of value, Kuala Lumpur, Putrajaya and Selangor decreased by 83.9% (2022: RM50.02 million), 43.4% (2022: RM60.65 million) and 7.9% (2022: RM476.68 million) respectively. Unsold under construction units also declined in tandem. Selangor decreased by 9.6% compared to 2022 (510 units), while Kuala Lumpur and Putrajaya unencumbered with any unsold under construction and unsold not constructed. On the other hand, Selangor recorded 16 unsold not constructed units in 2023.

Commercial Property (Serviced apartment/SOHO)

Serviced apartment/ SOHO in the Central Region recorded 8,221 transactions worth RM5.70 billion, formed 50.1% in volume and 29.6% in value of commercial property transactions in the region. The region's market performance recorded an increase of 41.4% in volume (2022: 5,812 transactions) and 43.5% in value (2022: RM3,970.84 million). Selangor contributed higher market volume to the region total with 49.2% (4,043 transactions) market share.

The serviced apartment/ SOHO overhang, unsold under construction and unsold not constructed situation improved in Central Region. Selangor and Kuala Lumpur recorded lower overhang at 35.6% (2,494 units) and 18.9% (5,515 units) respectively. Contrarily, Putrajaya recorded 84 overhang units in 2023. Similarly, unsold under construction and unsold not constructed in Central Region also decreased by 30.9% to 19,507 units (2022: 28,218 units) and 34.1% to 5,803 units (2022: 8,801 units) respectively.

(Source: Central Region Property Market Report 2023, JPPH Malaysia, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

2024 Outlook

The real estate and business services subsector is poised to grow by 5.4% attributed to sustained demand for professional services, particularly in the field of engineering following vigorous construction activities. In addition, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

The property market is expected to continue its momentum supported by various initiatives outlined by the government under Budget 2024, among others:

- i. establish a high-tech industrial area in Kerian, Northern Perak to widen the E & E cluster ecosystem in the Northern Region.
- ii. in line with the Halal Industry Master Plan 2030, which sets a benchmark for the halal industry's contribution of 11% of GDP by 2030, 9 financial institutions are offering special programmes for halal SMEs in halal industry an integrated platform providing access to special funds and capacity building programmes.
- iii. a special guarantee fund of RM1 billion has been allocated to encourage reputable developers to revive identified abandoned projects.
- iv. allocation of RM546 million to continue the implementation of 36 Program Perumahan Rakyat (PPR), including a new project in Kluang, Johor and another 15 PPR projects are expected to be completed, and this is expected to benefit 5,100 potential new residents.
- v. allocation of RM358 million will be channelled to continue for the construction of 3,500 housing units under 14 Program Rumah Mesra Rakyat.
- vi. provide guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan (SJKP) which will benefit 40,000 borrowers.
- vii. imposing a flat rate stamp duty of 4% on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia.
- viii. ease the requirements of Malaysia My Second Home (MM2H) programme to attract more tourists and foreign investors to Malaysia.

(Source: Property Market Report 2023, JPPH Malaysia, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

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4.4 Prospects of KLCG

As highlighted in **Section 3** of this Announcement, the Proposed Acquisition is being undertaken to enable the Company to invest and participate in the Proposed Phase 1 Development, which is located at Kampung Sungai Baru, a prime real estate with significant growth potential, strategically positioned in a key urban area known for its cultural heritage and its proximity to the Kuala Lumpur city center. The Subject Property is situated north of KLCC, with Chow Kit and Titiwangsa located to the west and north, respectively.

Some of the significant landmarks within the immediate vicinity of the Subject Property include the popular tourist attraction Saloma Link pedestrian bridge, which is located less than 500 metres to the west. This futuristically designed bridge connects Kampung Sungai Baru to KLCC, offering seamless connectivity between the 2 areas, with a walking time of less than 10 minutes from one end to the other. Further, the Subject Property is well connected by public transport, including the Light Railway Transit (“LRT”) Kelana Jaya Line and the Mass Rapid Transit (“MRT”) Putrajaya Line, and has access to the various part of Klang Valley via highways and road networks. In view of this, the Proposed Phase 1 Development is expected to appeal to potential homeowners, office workers and investors commuting within KL and the greater KL area.

Given the existing surrounding amenities, facilities and infrastructures, as well as the scarcity of development land in the Kuala Lumpur city area, the Board (save for the Interested Directors) expects the demand for mixed-use development properties in the Kg Baru area to remain positive and believes that the Proposed Phase 1 Development will contribute positively to the long-term financial performance of the Group.

(Source: Management of the Company)

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5. RISKS OF THE PROPOSALS

Save as disclosed below, which are by no means exhaustive, the Board (save for the Interested Directors) does not foresee any other additional risks arising from the Proposals given that Sunsuria Group is already involved in the property development sector.

5.1 Risks relating to the Proposals

(i) Completion risk

The completion of the Proposed Acquisition is subject to, amongst others, the fulfilment of the conditions precedent of the SSPA, which are as set out in the **Appendix III** of this Announcement. The Proposed Acquisition may not be completed if any of the conditions precedent cannot be fulfilled and/or waived, as the case may be, within the stipulated timeframe. Any delay in the fulfilment of the conditions precedent of the SSPA may lead to a delay in the completion and/or termination of the Proposed Acquisition.

To mitigate such risk, the Company will take reasonable steps to ensure and/or procure that the conditions precedent of the SSPA are fulfilled within the stipulated timeframe and that every reasonable effort is made to fulfil the conditions precedent to complete the Proposed Acquisition in a timely manner.

(ii) Financing and interest rate risk

Sunsuria Group may use external financing to fund the KLCG Purchase Consideration and KLCG Shareholders' Advances. The Group's ability to obtain external financing and the cost of financing depend on numerous factors, such as general economic and market conditions, interest rates, credit availability from the banks and/or other lenders, any restriction imposed by the Government or the political, social and economic conditions in Malaysia.

Sunsuria Group may be exposed to fluctuation in interest rates on the financing obtained, leading to higher borrowing costs that may adversely affect the Group's financial performance and the Group's ability to service its financial obligations.

In relation to the Proposed Phase 1 Development, there can be no assurance that the necessary financing will be available on terms and conditions acceptable to KLCG and hence, there can be no guarantee that KLCG will be able to obtain sufficient borrowings to fund the development of the Proposed Phase 1 Development.

Nevertheless, Sunsuria Group will continue to monitor and review the Group's debt portfolio, which takes into consideration the Group's gearing level, interest costs and cash flow.

(iii) Risk associated with the valuation of the Subject Property

CBRE WTW has adopted the Income Approach in valuing the Subject Property. Under the Income Approach, the market value is derived after taking into consideration, amongst others, the estimated GDV, GDC, completion time frame of the development and current market condition.

The market value of the Subject Property as appraised by CBRE WTW is not an indication of, and do not guarantee, an equivalent or greater sale price either at present time or at any time in the future.

(iv) Risk associated with the investment for the Subject Property

The development of the Subject Property is expected to contribute positively to the long-term earnings of Sunsuria Group. However, there can be no assurance that the Proposed Phase 1 Development will generate the expected returns on investment as the success and profitability of the developments will depend on various factors such as timely completion of the development project, availability and cost of funding, sales level for the development project and changes in the applicable laws and regulations.

Sunsuria Group will continue to exercise due care in the evaluation of the Subject Property and closely monitor the progress of the developments to mitigate such risk.

5.2 Risks relating to the property sector and other risks

(i) Inherent risks

The Proposed Acquisition is subject to risks inherent in the real estate sector which the Group is already involved in. Such risks include adverse changes in the real estate market prices, changes in demand for properties, competition from other property developers, changes in economic, social, political and regulatory conditions, delay in completion of the property development projects against the scheduled completion, risk of purchasers' default, non-performance of third party contractors and labour and shortage of material supplies, fluctuation in the building material prices and labour costs, changes in real property gain tax and any other applicable taxes, changes in property tax assessment and other statutory charges and/or changes in government policies such as monetary and fiscal policies that may affect the purchasing power and buying sentiments of purchaser.

While Sunsuria Group intends to reduce the impact of such risks through conducting market research, reviewing its property development strategies, such as the concept, pricing and timing of launches based on the prevailing market conditions and continuously improving operational efficiency to ensure that the properties are competitively priced, there can be no assurance that any adverse changes to the economic, social and political condition of Malaysia will not have a material adverse effect on the Group.

(ii) Risk associated with compulsory land acquisition by the Government

The Government has the power to compulsory acquire any land in Malaysia pursuant to the provisions of the Land Acquisition Act 1960. In the event of any compulsory acquisition of land, the amount of compensation to be awarded shall be based on the First Schedule of the Land Acquisition Act 1960.

Pursuant to the Government Gazette dated 21 June 2021 (Jil 65 No.25), 110 parcels of land (forming part of the Subject Property) were compulsorily acquired under the Land Acquisition Act 1960 for the redevelopment of the Subject Property (collectively, the "**Compulsory Acquisition Land**").

There can be no assurance that the Subject Property will be acquired at its market value, Sunsuria Group and KLCG will seek to minimise any potential losses from such transactions by invoking the relevant provisions in the Land Acquisition Act 1960 in relation to its rights to submit an objection in respect of the compensation, where necessary.

6. EFFECTS OF THE PROPOSALS

6.1 Issued share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the issued share capital of the Company and substantial shareholders' shareholding in the Company as they do not entail any issuance of new ordinary shares in the Company ("**Sunsuria Share(s)**") and/or convertible securities in the Company.

6.2 NA per Sunsuria Share and gearing

Barring any unforeseen circumstances, the Proposals are not expected to have any material effect on the NA and gearing of Sunsuria Group.

6.3 Earnings per Sunsuria Share ("EPS")

Barring any unforeseen circumstances, the Proposals are not expected to have any immediate material effect on the earnings and EPS of Sunsuria Group. Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings of Sunsuria Group upon recognition of income arising from the Proposed Phase 1 Development.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 4.76% computed based on the aggregate value of consideration pursuant to the Proposed Acquisition and Proposed Provision of Financial Assistance compared with the audited NA of the Company as at 30 September 2023.

8. APPROVALS / CONSENT REQUIRED

The Proposals are not subject to the approval of the shareholders of the Company.

The Proposals are subject to the following being obtained:

- (i) approval and/or consent of the financiers of the Company, if required; and
- (ii) approval, waiver and/or consent of any other relevant authority and/or party, if required.

9. CONDITIONALITY OF PROPOSALS

The Proposed Acquisition and Proposed Provision of Financial Assistance are inter-conditional upon each other but not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by the Company.

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10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Tan Sri Datuk Ter is the Executive Chairman and a major shareholder of the Company through his direct and indirect shareholdings held via Ter Equity Sdn Bhd (“**Ter Equity**”) and Ter Capital Sdn Bhd (“**Ter Capital**”).

Ter Shin Nie is the non-independent executive director of the Company and the daughter of Tan Sri Datuk Ter. Ter Shin Nie does not have any direct or indirect shareholding in the Company.

Datuk Ter Leong Hing, the brother of Tan Sri Datuk Ter, is a director and major shareholder of Scenic Starhill and Suez Capital and a major shareholder of Transworld.

Accordingly, Tan Sri Datuk Ter, Ter Equity, Ter Capital and Ter Shin Nie are deemed interested in the Proposals (Tan Sri Datuk Ter, Ter Equity and Ter Capital are collectively referred to as the “**Interested Shareholders**”).

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant meetings of the Board in relation to the Proposals.

The shareholdings of the Interested Directors, Interested Shareholders and persons connected with them in the Company as at the LPD are as follows:

Name	Shareholdings as at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Datuk Ter	158,839,872	17.73	^(a) 378,666,208	42.27
Ter Shin Nie	-	-	-	-
Ter Capital	183,308,832	20.46	-	-
Ter Equity	182,557,376	20.38	-	-

Persons connected with the Interested Directors and Interested Shareholders

Ter Family Labuan Foundation	10,000,000	1.12	-	-
THK Capital Sdn Bhd	2,800,000	0.31	-	-
Ter Hong Khim @ Tai Foong Chin ^(b)	278,000	0.03	-	-
Loo Chea Hee ^(c)	190,300	0.02	-	-
Ter Leong Ping ^(d)	100,000	0.01	-	-

Notes:

(a) Deemed interested by virtue of his interest in Ter Equity, Ter Capital, Ter Family Labuan Foundation and THK Capital Sdn Bhd pursuant to Section 8 of the Act.

(b) He is the father of Tan Sri Datuk Ter.

(c) He is the brother-in-law of Tan Sri Datuk Ter and spouse of Ter Leong Ping.

(d) She is the sister of Tan Sri Datuk Ter and spouse of Loo Chea Hee.

Saved as disclosed above, none of the directors and/or major shareholders of the Company as well as persons connected with them have any interest, direct or indirect, in the Proposals.

11. TRANSACTIONS WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS

Save for the Proposals and as disclosed below, the Company has not entered into any transaction with the Interested Shareholders, Interested Directors and persons connected with them for the preceding 12 months from the date of this Announcement:

- (i) the recurrent related party transactions set out in the circular to the shareholders of the Company dated 29 January 2024; and
- (ii) the acquisition of a total of 33.00% equity interest in Bangsar Hill Park Development Sdn Bhd (“**BHPD**”) from Suez Capital Sdn Bhd and Dasar Temasek Sdn Bhd for a total cash consideration of RM71.42 million and the provision of financial assistance of up to RM210.30 million to BHPD upon completion of the acquisition as set out in the circular to the shareholders of the Company dated 7 May 2024.

12. AUDIT COMMITTEE’S STATEMENT

The Audit Committee of the Company, after having considered all aspects of the Proposals, including the salient terms of the SSPA and SHA, rationale and benefits of the Proposals, prospects of KLCG, is of the view that the Proposals are:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

13. DIRECTORS’ STATEMENT / RECOMMENDATION

The Board (save for the Interested Directors), after having considered all aspects of the Proposals, including the salient terms of the SSPA and SHA, rationale and benefits of the Proposals and prospects of KLCG, is of the opinion that the Proposals are in the best interest of the Company.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the 4th quarter of calendar year 2024.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The SSPA, SHA and the Subject Property Valuation Certificate will be made available for inspection at the registered office of the Company at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this Announcement.

This Announcement is dated 15 November 2024.

FURTHER INFORMATION ON KLCG**1. Share Capital**

As at the LPD, the issued share capital of KLCG is RM2,352,941 comprising 2,352,941 KLCG Shares.

2. Directors

As at the LPD, the directors of KLCG and their respective shareholdings in KLCG are as follows:

Name	Nationality	Direct		Indirect	
		No. of KLCG Shares	%	No. of KLCG Shares	%
Datuk Haji Yasran Bin Haji Hussain	Malaysian	-	-	-	-
Abdul Hadi Bin Ahmad	Malaysian	-	-	-	-
Aqmal Azam Bin Ahmad	Malaysian	-	-	-	-
Tung Shao Yin	Malaysian	-	-	-	-

3. Shareholders

As at the LPD, the shareholders of KLCG are as follows:

Name	Nationality / Place of incorporation	Direct		Indirect	
		No. of KLCG Shares	%	No. of KLCG Shares	%
Suez Capital	Malaysia	1,317,647	56.00	-	-
Scenic Starhill	Malaysia	500,000	21.25	-	-
Transworld	Malaysia	300,000	12.75	-	-
Yedor	Malaysia	117,647	5.00	-	-
Yeoh Ah Tu	Malaysian	117,647	5.00	-	-

4. Subsidiary and associate company

As at the LPD, KLCG does not have any subsidiary or associated company.

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FURTHER INFORMATION ON KLCG (CONT'D)**5. Financial information**

A summary of the financial information of KLCG for the FYEs 31 December 2021, 31 December 2022 and 31 December 2023 is as follows:

	Audited		
	FYE 31 December		
	2021	2022	2023
	(RM)	(RM)	(RM)
Revenue	-	-	-
Other income	752,220	445,340	191,228
(Loss) before taxation ("LBT")	(709,463)	(773,096)	(959,758)
(Loss) after taxation ("LAT")	(693,117)	(773,605)	(959,818)
Share capital (RM)	2,352,941	2,352,941	2,352,941
Total equity or NA/ NL attributable to the owner of the company (RM)	338,403	(435,202)	(1,395,020)
No. of KLCG Shares in issue	2,352,941	2,352,941	2,352,941
(Loss) per KLCG Share (RM) ⁽¹⁾	(0.29)	(0.33)	(0.41)
NA/ NL per KLCG Share (RM) ⁽²⁾	0.14	(0.18)	(0.59)
Current ratio (times)	0.98	0.99	0.98
Total borrowings	-	-	-
Gearing (times)	-	-	-

Notes:

- (1) Computed based on LAT for the financial year divided by the total number of KLCG Shares in issue.
- (2) Computed based on NA attributable to the owner of the company divided by the total number of KLCG Shares in issue.

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INFORMATION ON VENDOR**1. Scenic Starhill**

Scenic Starhill was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 11 November 2015 and is deemed registered under the Act. The principal activity of Scenic Starhill is investment holding.

As at the LPD, the issued share capital of Scenic Starhill is RM100 comprising 100 ordinary shares in Scenic Starhill.

As at the LPD, the directors of Scenic Starhill and their respective shareholdings in Scenic Starhill are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Chan Yoke Yen	Malaysian	-	-	-	-
Aqmal Azam Bin Ahmad	Malaysian	-	-	-	-
Datuk Ter Leong Hing	Malaysian	-	-	⁽¹⁾ 100.00	100.00
Datuk Yang Kian Joo	Malaysian	-	-	-	-

Note:-

(1) Deemed interested by virtue of his shareholdings in Suez Capital pursuant to Section 8 of the Act.

As at the LPD, the shareholder of Scenic Starhill is as follows:

<u>Name</u>	<u>Place of Incorporation</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Suez Capital	Malaysia	100.00	100.00	-	-

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SALIENT TERMS OF THE SSPA

(Unless otherwise defined in this Appendix III, capitalised terms used herein without definition shall have the meaning assigned to them in this Announcement)

1. Conditions Precedent

1.1 The SSPA is conditional upon the fulfilment of the following conditions precedent (“**Condition(s) Precedent**”) by the respective parties within one (1) month from the date of the SSPA or such other date as the parties may mutually agree in writing (“**Conditional Period**”):-

1.1.1 Sunsuria having obtained the necessary approval of its directors for the acquisition of the Sale Shares subject to the terms and conditions of the SSPA;

1.1.2 Sunsuria having obtained the approval of such banks and financial institutions who have existing banking and/or credit facilities with Sunsuria Group in accordance with the terms of the financing arrangements or other facilities granted to Sunsuria Group, if required;

1.1.3 Scenic Starhill having obtained the necessary approval of its:-

(a) directors for the sale of the Sale Shares held by Scenic Starhill to Sunsuria subject to the terms and conditions of the SSPA; and

(b) if required, shareholders for the sale of the Sale Shares held by Scenic Starhill to Sunsuria subject to the terms and conditions of the SSPA; and

1.1.4 Scenic Starhill having obtained the waiver of all rights of pre-emption by other shareholders of KLCG over any of the Sale Shares which is/are conferred upon the said shareholders by the constitution of KLCG, under any shareholders' agreement or in any other way.

The date whereupon the last of the Conditions Precedent is/are duly obtained or fulfilled (or waived by the parties in writing, as the case may be) shall be referred to as the “**Unconditional Date**”.

1.2 Non-fulfillment of Conditions Precedent

In the event that any or all of the Conditions Precedent is/are not obtained or fulfilled in accordance with item 1.1 above (or waived in writing) by the parties upon expiry of the Conditional Period, the parties shall:-

1.2.1 firstly, discuss and mutually agree on an extension of the Conditional Period for the fulfillment of the Conditions Precedent for a period not exceeding three (3) months or such other period as the parties may mutually agree;

1.2.2 secondly, if the unfulfilled Conditions Precedent are not fulfilled due to no fault of any parties, to the extent whether such Conditions Precedent are agreed to and can be waived pursuant to the SSPA; and

1.2.3 thirdly, in the event the parties are not able to mutually agree on the matters set out in items 1.2.1 and 1.2.2 above within five (5) business days of the expiry of the Conditional Period, then either party shall be entitled to give a notice in writing to the other party to terminate the SSPA, whereupon all monies paid by Sunsuria to Scenic Starhill pursuant to the SSPA shall be refunded by Scenic Starhill and/or Scenic Starhill's solicitors to Sunsuria within seven (7) business days from the date of Scenic Starhill's and/or Scenic Starhill's solicitors' issuance or receipt of the notice to terminate the SSPA, and thereafter the SSPA shall be deemed null and void and of no further effect whatsoever, and none of the parties shall have any claims against the other under the SSPA for costs, damages, compensation or otherwise, save for any claim arising from any antecedent breach by the parties.

SALIENT TERMS OF THE SSPA (CONT'D)

2. Payment of KLCG Purchase Consideration

2.1 The KLCG Purchase Consideration shall be payable by Sunsuria to Scenic Starhill in the following manner:-

2.1.1 Upon execution of the SSPA, a sum of Ringgit Malaysia One Million Forty Seven Thousand Fifty Eight and Ninety Cents (**RM1,047,058.90**) only equivalent to ten per centum (10%) of the KLCG Purchase Consideration ("**Deposit**") to Scenic Starhill's solicitors as stakeholder. Scenic Starhill's solicitors is authorised to release the Deposit to Scenic Starhill upon receipt of Scenic Starhill's instructions.

The Deposit shall in the event of the completion of the sale and purchase of the Sale Shares form part payment towards the KLCG Purchase Consideration.

2.1.2 The balance sum of Ringgit Malaysia Nine Million Four Hundred Twenty Three Thousand Five Hundred Thirty and Ten Cents (**RM9,423,530.10**) only equivalent to ninety per centum (90%) of the KLCG Purchase Consideration ("**Balance Purchase Consideration**") shall be payable by Sunsuria to Scenic Starhill within fourteen (14) days from the Unconditional Date or such other date as may be agreed upon between the parties upon which Completion shall take place ("**Completion Date**") in accordance with item 3 below.

3. Completion

3.1 On the Completion Date, the following completion mechanism shall ensue:-

3.1.1 Scenic Starhill shall deliver or cause to be delivered the following documents to Sunsuria ("**Transfer Documents**"):-

- (a) all the original share certificates for the Sale Shares and the duly executed, but undated and unstamped, prescribed Instrument of Transfer in respect of the Sale Shares pursuant to Section 105 of the Act, executed by Scenic Starhill in favour of Sunsuria;
- (b) a copy of the duly executed, but undated, board of directors' and members' resolution of KLCG approving the following:
 - (i) the transfer of the Sale Shares from Scenic Starhill to Sunsuria;
 - (ii) the issuance of new share certificates in respect of the Sale Shares in favour of Sunsuria, if required; and
 - (iii) the entering into the register of members of KLCG, the name of Sunsuria, as the holder of the Sale Shares, in accordance with the terms and subject to the conditions of the SSPA;
- (c) a copy of the duly executed, but undated, board of directors' resolution of KLCG approving the appointment of one (1) new director nominated by Sunsuria on the Completion Date; and
- (d) all other such documents on the part of Scenic Starhill, if any, which may be required by the Companies Commission of Malaysia ("**CCM**") for the registration of the Sale Shares in favour of Sunsuria.

3.1.2 In simultaneous exchange for the Transfer Documents, Sunsuria shall make payment of the Balance Purchase Consideration to Scenic Starhill in accordance with item 2.1.2 above; and

SALIENT TERMS OF THE SSPA (CONT'D)

3.1.3 Sunsuria shall upon its receipt of the Transfer Documents on the Completion Date in accordance with item 3.1.1 above and payment of the Balance Purchase Consideration in accordance with item 3.1.2 above, release the Transfer Documents to company secretary of KLCG and Scenic Starhill shall procure and ensure that company secretary of KLCG registers the Transfer Documents in favour of Sunsuria.

4. Representations, Warranties and Undertakings

4.1 Scenic Starhill represents and warrants to Sunsuria, amongst others, as follows:

4.1.1 the estimated payment and/or costs payable by KLCG to the respective landowners under the 219 joint venture agreements entered between KLCG and the landowners forming the Proposed Phase 1 Development ("**Phase 1 Joint Venture Land**") shall not exceed RM80,777,000.00;

4.1.2 the estimated land acquisition costs related to the Compulsory Acquisition Land (including any additional compensation) shall not exceed RM66,517,000.00; and

4.1.3 that pursuant to the Draft Kuala Lumpur Local Plan 2040 issued by Kuala Lumpur City Hall (<https://ppkl.dbkl.gov.my/en/dptkl2040/>), the permissible plot ratio according to land use zone for the Proposed Redevelopment (under the land use zone as city centre commercial) is 1:10. Premised on this and subject to the relevant authorities' approval, the total net floor area ("**NFA**") for the Proposed Phase 1 Development will not be less than 2,511,753 square feet.

5. Post-Completion Obligations

5.1 Scenic Starhill undertakes to do the following and/or procure KLCG to do the following post-Completion obligations ("**Post-Completion Obligations**") within eighteen (18) months from the Completion Date, or such other date as the parties may mutually agree in writing ("**Post-Completion Period**"):

5.1.1 complete the transfer of the title ownership of the 11 title ownership of the Phase 1 Joint Venture Land ("**Outstanding Document of Titles**") to KLCG; and

5.1.2 obtain the Kebenaran Merancang Susunatur ("**KMS**") in respect of the Proposed Phase 1 Development.

5.2 The Post-Completion Obligations shall be deemed satisfied by Scenic Starhill and/or KLCG upon Sunsuria's receipt of:- (i) a copy each of the issue document of title in respect of the Outstanding Document of Titles duly registered in the name of KLCG duly certified as true copies by a solicitor; and (ii) a copy of the KMS duly certified as true copy by a solicitor.

5.3 In the event Scenic Starhill fails to fulfil any of its Post-Completion Obligations in accordance with item 5.1 above within the Post-Completion Period, the following shall ensue:

5.3.1 Scenic Starhill shall within three (3) months from the expiry of the Post-Completion Period, or such other date as the Parties may mutually agree:- (i) fully refund the KLCG Purchase Consideration to Sunsuria; and (ii) procure KLCG to repay any shareholders' advances (together with any accrued interest) made by Sunsuria to KLCG;

SALIENT TERMS OF THE SSPA (CONT'D)

5.3.2 upon receipt of the full refund of the KLCG Purchase Consideration and repayment of the shareholders' advances (together with any accrued interest) in accordance with item 5.3.1, Sunsuria shall, on the same day, return and/or forward the following documents/instruments to Scenic Starhill:-

- (a) all the original share certificates for the Sale Shares and the duly executed, but undated and unstamped, prescribed Instrument of Transfer in respect of the Sale Shares pursuant to Section 105 of the Act, executed by Sunsuria in favour of Scenic Starhill;
- (b) the undated written resignation of director representing Sunsuria to take effect from and on the date of the written resignation (which shall be no earlier than the date immediately after the expiry of the Post-Completion Period) with acknowledgments signed by him/her to the effect that he/she has no claim against KLCG for compensation for loss of office, redundancy or unfair dismissal or otherwise howsoever; and
- (c) all other such documents on the part of Sunsuria, if any, which may be required by the CCM for the registration of the Sale Shares in favour of Scenic Starhill.

Sunsuria shall perform all necessary acts to effect the legal transfer of the Sale Shares to Scenic Starhill;

5.3.3 each party shall return to the other party all documents delivered to it under the SSPA;

5.3.4 each party shall take all reasonable actions required by the other party to reverse any action taken pursuant to the SSPA; and

5.1.5 any agreement entered into in accordance with the SSPA (including, but not limited to, the SHA) shall be terminated and have no effect,

thereafter, none of the parties shall have any claims against the others hereunder for costs, damages, compensation or otherwise, save for any claim arising from any antecedent breach by the parties.

6. Indemnity

6.1. Without prejudice to the generality of the indemnity provision in the SSPA, the parties agree that, in the event of a breach of any of the Vendor's warranties in items 4.1.1, 4.1.2 and 4.1.3 above, the following arrangement/mechanism shall ensue:-

6.1.1 the parties shall jointly appoint an independent valuer and an independent accountant (collectively, the "**Independent Assessors**") to determine the fair value of the Sale Shares; and

6.1.2 the valuation of the fair value of the Sale Shares shall be based on the unaudited net asset or net liabilities of KLCG and the market value of the Proposed Redevelopment as of 30 September 2024, taking into account any changes in the estimated costs relating to the 227 joint venture agreements and Compulsory Acquisition Land, the aggregate NFA approved under the development order (*kebenaran merancang*) in respect of the Proposed Phase 1 Development, and any other adjustments deemed appropriate by the Independent Assessors; and

6.1.3 if the fair value of the Sale Shares, as determined by the Independent Assessors, is less than the KLCG Purchase Consideration, Sunsuria shall be entitled to claim from Scenic Starhill the difference between the fair value of the Sale Shares and the KLCG Purchase Consideration. The determination of the Independent Assessors shall be final, conclusive and binding upon the parties; and

SALIENT TERMS OF THE SSPA (CONT'D)

6.1.4 the costs and expenses of the Independent Assessors shall be borne equally by the parties.

7. Termination

7.1 In the event of an occurrence of any of the following events:-

7.1.1 A party shall be in default ("**Defaulting Party**") under any of the following events ("**Event of Default**"):-

- (a) the commencement against a Defaulting Party of any litigation proceeding under any applicable insolvency law or the approval of a Defaulting Party is granted for the commencement of any such proceeding against it, and such Defaulting Party fails, omits, refuses and/or neglects to settle the proceedings within twenty-one (21) days of service or deemed service on it of documentary evidence of the commencement of such proceedings;
- (b) the acquisition, pursuant to court order or otherwise, by a creditor of a Defaulting Party of any rights with respect to such Defaulting Party's assets, benefits or entitlements if such acquisition shall continue undischarged for a period of fourteen (14) days and such Defaulting Party shall not have instituted and diligently prosecuted the necessary legal proceedings for the rescission or discharge of such acquisition; or
- (c) the appointment of receivers, managers and/or liquidators over the business, assets or undertaking of any of the Defaulting Party; or
- (d) in respect of Scenic Starhill, the breach by the Defaulting Party of any of its obligations, representations, warranties and/or undertakings in the SSPA or the failure to deliver or procure the delivery of any of the Transfer Documents in accordance with the provisions under item 3.2.1; or
- (e) in respect of Sunsuria, the breach by the Defaulting Party of any of its obligations and/or representations and warranties in the SSPA or the failure to make payment of the KLCG Purchase Consideration or any part thereof in accordance with item 2.1;

whereby in the case of a default or breach which is capable of being remedied, the party not in breach ("**Non-Defaulting Party**") may by way of written notice to the Defaulting Party require the Defaulting Party to rectify such default or breach and if the Defaulting Party shall fail to remedy such default or breach within fourteen (14) days after receipt of such notice or such longer period as specified in the said notice having regard to the nature of the breach, the Non-Defaulting Party may thereupon by written notice addressed to the Defaulting Party ("**Termination Notice**") forthwith terminate the SSPA in which event the provisions of, as applicable, item 7.2.1 or item 7.2.2 shall take effect.

7.2 Consequences of Default**7.2.1 Scenic Starhill's Default**

In the instance of Scenic Starhill being the Defaulting Party, then Sunsuria shall be entitled to either:-

- (a) enforce specific performance against Scenic Starhill and claim damages, costs (including solicitors' legal costs) and expenses incurred by Sunsuria in enforcing the rights in the SSPA; or

SALIENT TERMS OF THE SSPA (CONT'D)

- (b) forthwith terminate the SSPA by giving a Termination Notice to the Defaulting Party whereby Sunsuria shall be entitled to claim a sum equivalent to the Deposit ("**Election Monies**") as agreed liquidated damages to Sunsuria and within ten (10) business days from the Termination Notice:-
- (i) Sunsuria shall return all the Transfer Documents, where available, and any other documents in relation to the Sale Shares to Scenic Starhill and/or Scenic Starhill's solicitors (if the same has been delivered to Sunsuria); and
 - (ii) in exchange of Scenic Starhill's receipt of the Transfer Documents and any other documents in relation to the Sale Shares, Scenic Starhill shall refund to Sunsuria free of interest all monies received by Scenic Starhill pursuant to the SSPA (including, but not limited to, the Deposit) together with the payment of the Election Monies free of interest; and

thereafter the SSPA shall be deemed null and void and of no further effect whatsoever, and none of the parties shall have any claims against the others hereunder for costs, damages, compensation or otherwise, save for any claim arising from any antecedent breach by the parties.

7.2.2 Sunsuria's Default

In the instance of Sunsuria being the Defaulting Party, then Scenic Starhill shall be entitled to forthwith terminate the SSPA as against the Defaulting Party by giving a Termination Notice to the Defaulting Party whereby Scenic Starhill shall be entitled to either:-

- (a) enforce specific performance against Sunsuria and claim damages costs (including solicitors' legal costs) and expenses incurred by Scenic Starhill in enforcing the rights in the SSPA; or
- (b) forfeit the Deposit ("**Forfeiture Sum**") as agreed liquidated damages and within ten (10) business days from the Termination Notice:-
 - (i) Sunsuria shall return all the Transfer Documents, where available, and any other documents in relation to the Sale Shares to Scenic Starhill and/or Scenic Starhill's solicitors (if the same has been delivered to Sunsuria); and
 - (ii) in exchange of Scenic Starhill's receipt of the Transfer Documents and any other documents in relation to the Sale Shares, Scenic Starhill shall refund to Sunsuria all monies received by Sunsuria pursuant to the SSPA (after deducting the Forfeiture Sum as agreed liquidated damages to Scenic Starhill) free of interest; and

thereafter the SSPA shall be deemed null and void and of no further effect whatsoever, and none of the parties shall have any claims against the others hereunder for costs, damages, compensation or otherwise, save for any claim arising from any antecedent breach by the parties.

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SALIENT TERMS OF THE SHA

(Unless otherwise defined in this Appendix IV, capitalised terms used herein without definition shall have the meaning assigned to them in this Announcement)

1. Conditions Precedent

- 1.1 The parties acknowledge that the SHA shall become effective upon the completion of the SSPA (“**Effective Date**”).
- 1.2 If the SSPA is not completed or is terminated, then the SHA shall be terminated and be deemed null and void and of no further effect whatsoever, and none of the parties shall have any claims against the others hereunder for costs, damages, compensation or otherwise, save for any claim arising from any antecedent breach by the parties.

2. Shareholdings of the Shareholders

Upon the completion of the Proposed Acquisition, the shareholding of KLCG shall be held by Transworld, Scenic Starhill, Suez Capital, Yedor, Yeoh Ah Tu and Sunsuria as shareholders of KLCG (each be referred to as a “**Shareholder**” and collectively as the “**Shareholders**”) in the following agreed proportion (“**Agreed Proportions**”):-

Shareholders	Number of Ordinary Shares	Percentage of Shareholding in KLCG
Transworld	300,000	12.75%
Scenic Starhill	29,411	1.25%
Suez Capital	1,317,647	56.00%
Yedor	117,647	5.00%
Yeoh Ah Tu	117,647	5.00%
Sunsuria	470,589	20.00%
TOTAL	2,352,941	100.00%

the Shareholders shall at all times hold 2,352,941 ordinary shares (“**Ordinary Shares**”) in the Agreed Proportions, unless otherwise agreed in writing between the Shareholders or in accordance with the SHA.

3. KLCG and its Operations**3.1 Scope of the Business**

The business of KLCG shall be the activities of undertaking the Proposed Redevelopment and such other activities that are similar to, complementary to, or ancillary to, the foregoing, or such other businesses as may be agreed pursuant to the SHA.

3.2 Other businesses

The board of directors of KLCG (“**KLCG Board**”) may from time to time decide on additional business objectives and undertakings of KLCG.

3.3 Financial Requirements – General Principles

3.3.1 The Shareholders mutually agree that KLCG shall use its best efforts to raise all the necessary funding required for the purpose of KLCG’s operations and to achieve its business objectives as and when required.

3.3.2 It is agreed that the financial requirements of KLCG can be met in either of the following manner which is to be approved by the KLCG Board in accordance with the SHA:-

SALIENT TERMS OF THE SHA

- (a) the issuance of new Ordinary Shares or preference shares by KLCG and subscribed by the Shareholders in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders;
- (b) borrowings from third parties (including banks and financial institutions) which may or may not be secured by assets and properties of KLCG; or
- (c) subject to item 3.6 and item 3.7 below, by way of shareholders' advances in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders.

3.3.3 Unless item 3.3.2 has been fully exhausted, the Shareholders shall not be required to provide any form of financial assistance or security or credit support (including the furnishing of any guarantee) for KLCG unless required by the banks and financial institutions who have existing banking and/or credit facilities with KLCG as security for the borrowings granted to KLCG pursuant to item 3.3.2 above and/or otherwise mutually agreed upon in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders.

3.4 Existing Shareholders' Advances

The parties acknowledge that as at 30 September 2024, KLCG has an aggregate amount of RM130,588,408.43 due and payable to the KLCG Existing Shareholders consisting of the following:-

3.4.1 the aggregate principal sum of RM121,468,521.83 only ("**Principal Sum**") advanced by the KLCG Existing Shareholders to KLCG; and

3.4.2 the aggregate interest sum of RM9,119,886.60 only

collectively be referred to as, the "**Existing Shareholders' Advances**". The Existing Shareholders' Advances is exclusive of any accrued interest payable by KLCG to the respective KLCG Existing Shareholders for the shareholders' advances for the period commencing on 1 October 2024.

3.5 Proportionate adjustment of Shareholders' Advances

3.5.1 From the Effective Date:-

- (a) Sunsuria shall advance to KLCG an aggregate amount representing its Agreed Proportions in KLCG which shall be based on the Principal Sum only within one (1) month from the Effective Date. In that respect, Sunsuria shall repay the Existing Shareholders' Advances and/or contribute to the working capital of KLCG and the respective Shareholders' contribution to KLCG's financial requirements shall be adjusted in accordance with the Agreed Proportions;
- (b) subject to making such appropriate provisions for reserves, capital commitment and working capital of KLCG, the Shareholders shall procure KLCG to repay the surplus of any Existing Shareholders' Advances so contributed by the KLCG Existing Shareholders such that the shareholders' advances is adjusted based on the Agreed Proportions; and
- (c) subject to item 3.7.2 below, Scenic Starhill shall not be obligated to provide the shareholders' advances in accordance with the Agreed Proportions.

3.5.2 The KLCG Existing Shareholders shall not be obligated to contribute to the working capital requirements of KLCG until Sunsuria contributes (for repayment of the Existing Shareholders' Advances and/or contribution to the working capital of KLCG) up to the

SALIENT TERMS OF THE SHA

amount equivalent to its Agreed Proportions (“**the Adjustment of Shareholders’ Advancement**”).

- 3.5.3 When the Shareholders’ contributions are expected to be adjusted in accordance with the Agreed Proportions in any particular month, then Sunsuria shall contribute accordingly to achieve the Agreed Proportions, whereupon the Adjustment of Shareholders’ Advancement shall be deemed completed.
- 3.5.4 In the event Sunsuria has contributed such amount equivalent to its Agreed Proportions in accordance with item 3.5.1(a), and subject to the completion of the Adjustment of Shareholders’ Advancement, any additional working capital requirement of KLCG shall be contributed by the Shareholders in accordance with their respective shareholdings in KLCG.
- 3.5.5 Upon the completion of the Adjustment of Shareholders’ Advancement, all subsequent shareholders’ advances shall be made in accordance with item 3.6 and item 3.7 below.
- 3.5.6 If the Shareholders’ respective shareholdings in KLCG shall at any time prior to the completion of the Adjustment of Shareholders’ Advancement, be revised and/or adjusted in accordance with the SHA such that it is no longer in the proportions set out in item 2 above, then notwithstanding anything to the contrary hereof, Sunsuria’s obligation in respect of the Adjustment of Shareholders’ Advancement shall likewise be adjusted taking into consideration the then revised Agreed Proportions, as the case may be.

3.6 Financing by Shareholders

- 3.6.1 The Shareholders shall contribute in the Agreed Proportions, or such other proportion as may be agreed in writing between the Shareholders, any financial requirements of KLCG, as determined by the KLCG Board and approved by the Shareholders and the Shareholders shall severally grant shareholders’ advances and/or subscribe for any issue of shares by KLCG in the Agreed Proportions, or such other proportion as may be agreed in writing between the Shareholders, as the case may be, and in accordance with the terms of the SHA and in any other manner resolved by the KLCG Board from time to time.
- 3.6.2 In the event that a resolution is validly passed by the Shareholders to require share capital contribution and to issue any new shares to the Shareholders in the Agreed Proportions, and if any Shareholder defaults in subscribing for its entitlement, then the new shares offered but not accepted shall then be offered to the other subscribing shareholder in proportion to the shareholdings of the subscribing shareholder(s), and if the other subscribing shareholder(s) fails to subscribe for the same, then the shares offered will be rescinded. If, as a result of such event, the shareholdings of the Shareholders are no longer at the Agreed Proportions, the directorship of KLCG and the Agreed Proportions shall be adjusted accordingly to reflect the changes.
- 3.6.3 The issue price for any new shares shall be decided by the KLCG Board at the net assets per share of KLCG as at the month immediately preceding the KLCG Board’s approval.
- 3.6.4 Insofar as the Shareholders are required by the KLCG Board to fund KLCG by way of shareholders’ advances and subject to the completion of the Adjustment of Shareholders’ Advancement, neither Shareholder shall be obliged to make any advances.
- 3.6.5 Save and except for the repayment of the Existing Shareholders’ Advances in accordance with item 3.5 above, if required, as a condition of the grant of loans or credit facilities by banks and/or financial institutions to KLCG, each Shareholder shall subordinate its Shareholder’s advances to the loans or credit facilities granted to KLCG in accordance with the subordination requirements by the banks and/or financial institutions.

SALIENT TERMS OF THE SHA

3.7 Subsequent Shareholders' Advances

3.7.1 Subject to the completion of the Adjustment of Shareholders' Advancement, the parties agree that the following principles shall apply in relation to all subsequent shareholders' advances granted to KLCG:-

- (a) subject to item 3.7.2, all shareholders' advances shall be in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders;
- (b) any shareholders' advances made by the Shareholders may be repaid in whole or in part by KLCG on such date or dates as the KLCG Board may decide, provided that repayment shall be made to all Shareholders in proportion to the outstanding principal amount of each of their respective shareholders' advances;
- (c) unless otherwise expressly provided in the SHA or approved by the KLCG Board, any shareholders' advances contributed will be made by the Shareholder to KLCG with such interest in accordance with the interbank money market rates or Kuala Lumpur Interbank Offered Rate (KLIBOR) or such other rates to be determined between the Shareholders and KLCG, provided always that interest shall accrue solely on the principal amount of any shareholders' advances (including the amount advanced by the KLCG Existing Shareholders) only and there shall not be any interest accruing on any interest that has been previously accrued; and
- (d) unless otherwise expressly provided in the SHA or approved by the KLCG Board, no shareholders' advances made shall be repayable on demand by any Shareholder.

3.7.2 In the event Scenic Starhill is unable to provide all or any part of its shareholders' advances in the Agreed Proportions pursuant to item 3.7.1 ("**Short-Fall Advances**"), then Suez Capital shall be obligated to contribute the same to KLCG subject to the same terms and shall rank equally with other shareholders' advances and provided further that the non-contribution of the Short-Fall Advances by Scenic Starhill shall not be deemed to be a default on the part of Scenic Starhill of its obligations under the SHA.

4. Dividends, Profits and Losses

4.1 Subject to making such appropriate provisions for reserves, capital commitment and working capital as the KLCG Board may decide and as required by the applicable laws and subject to any relevant requirements of lenders of KLCG, if any, net profit after tax in respect of any financial year will be distributed by way of dividends to the Shareholders.

4.2 Subject to item 4.1 above, KLCG may distribute final dividends in respect of each financial year, in such amount as the KLCG Board may recommend to the Shareholders provided always that the KLCG Board may, subject to any laws, regulations and guidelines, approve any declaration of interim dividends. The Shareholders shall have the discretion to approve any recommendation by the KLCG Board for distribution of dividends.

SALIENT TERMS OF THE SHA

5. Organisation and Management**5.1 Quorum of Members' Meetings**

A quorum for all members' meeting of the Shareholders of KLCG ("**Members' Meeting**") shall require the presence of a representative either in person or by proxy or by corporate representative of any two (2) Shareholders, one of which shall be from Suez Capital and Sunsuria respectively.

5.2 The KLCG Board: Composition

5.2.1 Unless otherwise agreed to by the Shareholders in writing, the KLCG Board shall comprise of five (5) natural persons (each a "**Director**" or collectively referred to as "**Directors**") of whom shall be appointed in the following manner:-

- (a) one (1) director nominated by Sunsuria; and
- (b) four (4) directors nominated by Suez Capital;

or such other composition of the KLCG Board as the Shareholders may agree from time to time.

5.2.2 in respect of KLCG Board chairman ("**KLCG Board Chairman**"):-

- (a) the position of KLCG Board Chairman shall be the nominee elected by Suez Capital; and
- (b) KLCG Board Chairman shall chair all KLCG Board meetings and Members' meetings and shall not have a second vote in the event of an equality of votes. In the event that KLCG Board Chairman is not present at any meeting of the KLCG Board within half an hour from the time appointed for such meeting, the KLCG Board Chairman of such meeting shall be elected from such other Director who is present at such meeting.

5.3 The KLCG Board: Functions and Management of KLCG

5.3.1 The management of KLCG shall be vested in the KLCG Board whose powers, duties and functions may be delegated to the executive committee which consists of representatives as approved by the KLCG Board. The KLCG Board shall undertake such duties, tasks, powers and authorities in accordance with the constitution of KLCG and the provisions of the SHA.

5.3.2 The KLCG Board shall, from time to time, by written resolution set out specific limits of authority for any personnel authorised by KLCG in respect of bank mandates, management fees and any financial or operational matters.

5.4 The KLCG Board: Procedure

5.4.1 The quorum for a meeting of the KLCG Board shall be two (2) Directors, who may be an alternate director, shall consist of one (1) director nominated by Suez Capital and one (1) director nominated by Sunsuria respectively.

SALIENT TERMS OF THE SHA

6. Transfer of Shares**6.1 Pre-emptive Rights**

No Shareholder shall sell, transfer or dispose or otherwise part with the beneficial ownership of all or any of his Shares in the Company to any other person who is not an existing Shareholder of KLCG without first making an offer by written notice ("**Offer Notice**") to the other Shareholder(s).

6.2 Tag-Along Rights**6.2.1 Tag-Along Offer**

In the event any Shareholder(s) holding at least twenty per centum (20%) or more of the share capital of KLCG ("**Substantial Shareholder**") receives and intends to accept an offer which:

- (a) is a bona fide offer in writing; and
- (b) contains all material terms and conditions of the offer, including without limitation the consideration payable,

from a third-party purchaser for all or part of its Offer Shares of at least twenty per centum (20%) of the total issued share capital of KLCG ("**Tag-Along Offer**"), the Substantial Shareholder shall give written notice ("**Tag-Along Request Notice**") to the other Shareholder(s) as soon as reasonably practicable after having received the Tag-Along Offer.

7. Termination**7.1 Termination**

The SHA shall become effective upon its execution by all Shareholders and shall continue in full force and effect for an indefinite period until the earlier of the following events:-

- 7.1.1 the Shareholders agree in writing to terminate the SHA; or
- 7.1.2 all of the Shares become beneficially owned by any one Shareholder; or
- 7.1.3 KLCG goes into liquidation, whether voluntary or compulsory (other than for the purpose of an amalgamation or reconstruction approved by all the Shareholders).

7.2 Default

A party (a "**Defaulting Shareholder**") shall be in default under the SHA, if any of the following events shall have occurred:-

- 7.2.1 the Defaulting Shareholder, if a company, presents a petition or has a petition presented by a creditor for its winding up that is not withdrawn within two (2) months;
- 7.2.2 the Defaulting Shareholder convenes a meeting to pass a resolution for its voluntary winding up (otherwise than a bona fide solvent reconstruction or amalgamation in which all obligations under the SHA are assumed by a successor corporation);
- 7.2.3 the Defaulting Shareholder calls a meeting of its creditors or has a receiver, administrator or other similar officer appointed over all or substantially all of its undertaking or assets and such receiver, administrator or other similar officer is not discharged within two (2) months as of his appointment;

SALIENT TERMS OF THE SHA

7.2.4 the Defaulting Shareholder, if an individual, becomes bankrupt or has a petition presented by a creditor for his bankruptcy that is not withdrawn within two (2) months; or

7.2.5 the Defaulting Shareholder materially breaches its obligations under the SHA and, if such breach is capable of remedy, fails to remedy the breach within thirty (30) days of being specifically required in writing to do so by a non-defaulting Shareholder.

7.3 Rights Suspended While in Default

Without prejudice to any rights and remedies that the non-defaulting Shareholders may have, for so long as a party is a Defaulting Shareholder, that party's rights hereunder (including the right to vote and the right to receive dividends or other distributions) shall be suspended to the extent permitted under applicable law and any other Shareholder (other than the Defaulting Shareholder) will be entitled (but not after sixty (60) days of the event in question first coming to the attention of the Shareholder entitled to give the notice) to give a notice (a "**Default Notice**") to the Defaulting Shareholder.

7.4 Buy-Sell Notice

7.4.1 At any time within sixty (60) days of the service of the Default Notice on the Defaulting Shareholder, the non-defaulting Shareholder will be entitled to give a written notice (a "**Default Buy-Sell Notice**") to the Defaulting Shareholder, and upon service of a Default Buy-Sell Notice, the non-defaulting Shareholder shall at its discretion be entitled to any one of the following remedies:-

- (a) require the Defaulting Shareholder to purchase all the Shares of the non-defaulting Shareholder in KLCG at a purchase price to be determined by the auditors appointed equivalent to one hundred twenty per centum (120%) of the fair value of such Shares, provided that if the fair value of all the Shares of the non-defaulting Shareholder is zero or a negative amount, the purchase price for all the Shares shall be RM1.00; or
- (b) purchase all the Shares of the Defaulting Shareholder in KLCG at a purchase price to be determined by the auditors equivalent to eighty per centum (80%) of the fair value of such Shares, provided that if the fair value of all the Shares of the Defaulting Shareholder is zero or a negative amount, the purchase price for all the Shares shall be RM1.00; or
- (c) serve a dissolution notice in respect of KLCG on the Defaulting Shareholder and terminate the SHA with immediate effect, in which event the Shareholders shall, where practicable, having regard to requirements of law and subject to the passing of a special resolution, take all such steps as may be necessary to render KLCG solvent and then to forthwith wind up KLCG voluntarily. If any funds are required to render KLCG solvent, the funds shall be provided by each Shareholder in accordance with the Agreed Proportions at the time of serving such dissolution notice. The costs of the dissolution and liquidation shall be paid out of the surplus assets of KLCG and without prejudice to any rights and liabilities which shall have accrued or been incurred up to that time. The Defaulting Shareholder shall be entitled to only eighty per centum (80%) of its Agreed Proportions of the balance surplus asset available for distribution and the remaining twenty per centum (20%) shall be distributed to the non-defaulting shareholder as agreed liquidated damages in addition to the non-defaulting shareholder's Agreed Proportions thereof. Where no such surplus exists, then such costs shall be borne by each Shareholder in accordance with the Agreed Proportions as at the time of serving of such dissolution notice.

SALIENT TERMS OF THE SHA

8 Dispute and Jurisdiction

- 8.1 All deadlocks and/or disputes between the parties relating to the performance or interpretation of the SHA, or in connection with the SHA, including any question regarding its validity or termination, shall be resolved:-
- 8.1.1 by negotiation between the parties in good faith within forty-five (45) days of the deadlock or dispute (as the case may be) arising; or
- 8.1.2 if there is no resolution within the aforementioned forty five (45) days and provided always that none of the Shareholders have issued an Offer Notice, any deadlock or dispute (as the case may be) shall be referred to and finally resolved by arbitration in Kuala Lumpur in accordance with the Arbitration Rules of the Asian International Arbitration Centre (“**AIAC**”) for the time being in force, which rules are deemed to be incorporated by reference in this item 8. The tribunal shall consist of one arbitrator to be jointly nominated by the parties and if the parties cannot agree on the choice of arbitrator, the same shall be appointed by the Chairman of AIAC. The language of the arbitration shall be English. For the avoidance of doubt, where an Offer Notice has been issued prior to arbitration, a deadlock or dispute (as the case may be) may be subsequently referred to arbitration pursuant to this item 8.1.2 after the process under item 6.2 has been exhausted.
- 8.2 A deadlock shall have occurred when the Shareholders cannot reach an agreement on any Shareholders’ resolution within twenty-one (21) days of that matter being first tabled at a Members’ Meeting.

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