

SUNSURIA BERHAD (“SUNSURIA” OR “COMPANY”)

- (I) PROPOSED SUBSCRIPTION OF BHP DEVELOPMENT;
 - (II) PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO BHP DEVELOPMENT;
 - (III) PROPOSED ACQUISITION OF BUMILEX; AND
 - (IV) PROPOSED PROVISION OF FINANCIAL ASSISTANCE TO MONTFLEX
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1. INTRODUCTION

On behalf of the Board of Directors of the Company (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that the Company had on 2 October 2020 entered into the following agreements:

- (i) a conditional shares subscription and shareholders’ agreement with Sunsuria KL Sdn Bhd (“**Sunsuria KL**”), Suez Capital Sdn Bhd (“**Suez Capital**”), Dasar Temasek Sdn Bhd (“**Dasar Temasek**”) (collectively, “**BHP Development Existing Shareholders**”) and Bangsar Hill Park Development Sdn Bhd (“**BHP Development**”) (“**SSSA**”) for the following:
 - (a) proposed subscription by the Company of 4,488,520 new ordinary shares in BHP Development (“**BHP Development Shares**”), representing 51.0% of the enlarged issued share capital of BHP Development, for a total subscription consideration of RM8,438,417.60 at the issue price of RM1.88 per BHP Development Share (“**BHP Development Subscription Consideration**”) to be satisfied in cash (“**Proposed Subscription of BHP Development**”);
 - (b) regulate the relationship between the Company, Sunsuria KL, Suez Capital and Dasar Temasek as shareholders of BHP Development upon the completion of the Proposed Subscription of BHP Development; and
 - (c) provision of financial assistance by the Company to BHP Development after the completion of the Proposed Subscription of BHP Development of up to RM276.1 million, of which an amount of up to RM102.1 million in cash will be used for the working capital requirement of BHP Development which is in proportion to the Company’s 51.0% shareholding in BHP Development and an amount of up to RM174.0 million in the form of corporate guarantee for 51.0% of the financing facilities obtained by BHP Development (“**Proposed Provision of Financial Assistance to BHP Development**”); and
- (ii) a conditional shares sale and purchase agreement with Johari bin Said and Aizul Akma binti Awang (collectively, “**Vendors**”) (“**SSPA**”) for the proposed acquisition by the Company of 100,000 existing ordinary shares in Bumilex Construction Sdn Bhd (“**Bumilex**”) (“**Bumilex Shares**”), representing 100% of the issued share capital of Bumilex, for a total purchase consideration of RM2.00 (“**Bumilex Purchase Consideration**”) to be satisfied in cash (“**Proposed Acquisition of Bumilex**”).

In conjunction with the Proposed Acquisition of Bumilex, Bumilex had, on the same date, entered into a conditional shareholders’ agreement with Montflex Sdn Bhd (“**Montflex**”), a 51.0%-owned subsidiary of Bumilex, and Excel Logic Sdn Bhd (“**Excel Logic**”), being the shareholder of the remaining 49.0% equity interest in Montflex (“**Montflex SHA**”) to regulate the relationship between Bumilex and Excel Logic as the shareholders of Montflex upon the completion of the Proposed Acquisition of Bumilex.

Subsequent to the completion of the Proposed Acquisition of Bumilex, the Company will be obligated to provide (either directly or through Bumilex) financial assistance to Montflex of up to RM33.3 million, of which an amount of up to RM20.6 million in cash will be used for the working capital requirement of Montflex which is in proportion to Bumilex’s 51.0% shareholding in Montflex and an amount of up to RM12.7 million in the form of corporate guarantee for 51.0% of the financing facilities obtained by Montflex (“**Proposed Provision of Financial Assistance to Montflex**”).

(The SSSA, SSPA and Montflex SHA are collectively referred to as “**Agreements**”)

(The Proposed Subscription of BHP Development, Proposed Provision of Financial Assistance to BHP Development, Proposed Acquisition of Bumilex and Proposed Provision of Financial Assistance to Bumilex are collectively referred to as “**Proposals**”)

2. DETAILS OF THE PROPOSALS

2.1 Proposed Subscription of BHP Development

The Proposed Subscription of BHP Development involves the subscription by the Company of 4,488,520 new BHP Development Shares, representing 51.0% of the enlarged issued share capital of BHP Development, free from all charges, pledges or liens or any other encumbrances for the BHP Development Subscription Consideration to be satisfied in cash on the completion date of the Proposed Subscription of BHP Development.

BHP Development was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 30 August 1999 under the name of Pro Green Generation Sdn Bhd and is deemed registered under the Companies Act 2016 (“**Act**”). It assumed its present name on 8 September 2017. The principal activity of BHP Development is property development and it commenced its operations on 24 September 1999.

BHP Development is the registered owner of a parcel of residential development land held under Pajakan Negeri (“**PN**”) 15226 Lot 365 Section 96 and a parcel of residential detached plot held under Geran (“**GRN**”) 31910 Lot 223 Section 96, all within Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur measuring 39,739.0 square metres (“**sqm**”) and 562.5 sqm respectively (collectively, “**Bangsar Land**”).

Upon completion of the Proposed Subscription of BHP Development, the total number of issued shares of BHP Development will increase from 4,312,500 BHP Development Shares to 8,801,020 BHP Development Shares and the shareholding structure of BHP Development will be as follows:

	No. of BHP Development Shares	%
Sunsuria	4,488,520	51.0
Sunsuria KL	2,156,250	24.5
Suez Capital	1,859,250	21.1
Dasar Temasek	297,000	3.4
	<u>8,801,020</u>	<u>100.0</u>

Further information on BHP Development and the BHP Development Existing Shareholders are set out in Appendix I and Appendix II of this Announcement.

The salient terms of the SSSA are set out in Appendix VII of this Announcement.

2.1.1 Information on the Bangsar Land

Details on the Bangsar Land are as follows:

	Lot 365 Section 96	Lot 223 Section 96
Address	Along Lorong Maarof, Bangsar, 59000 Kuala Lumpur	
Land area	39,739.0 sqm (approximately 9.8 acres)	562.5 sqm (approximately 0.1 acres)
Category of land use	Building	Nil
Tenure	Leasehold 99 years expiring on 27 November 2088	Freehold
Market value	RM320.0 million	RM7.0 million
Date of valuation	1 September 2020	
Independent registered valuer	C H Williams Talhar & Wong Sdn Bhd (“ CBRE WTW ”)	
Method of valuation	Income approach (residual method) and comparison approach	Comparison approach ⁽⁴⁾
Audited net book value (“NBV”) as at 31 December 2019	RM299.0 million	RM8.2 million
Encumbrances	Charged to OCBC Bank (Malaysia) Berhad	
Express Conditions	Bangunan yang didirikan diatas tanah ini hendaklah digunakan untuk perumahan awam dan lain-lain kemudahan awam yang berkaitan (<i>Buildings erected on this land shall be used for public housing units and other related public amenities</i>). ⁽²⁾	<ul style="list-style-type: none"> • That the Government may control all water-courses and that this land shall continue to be subject to all existing rights of way and other easements. • That land-marks defining the boundaries of this land, will be set up and maintained to the satisfaction of the Collector of Land Revenue or other officer appointed for the time being by the Government. • That this lease be subject to the State Land Regulations in force for the time being and that this land shall not be transferred, subdivided or mortgaged, except in accordance with the provisions therein contained. (Full information to this provisions will be given in any District Land Officer) • That this lease may be forfeited if Bila Bin Patianoo or those claiming under him, fail to comply with any of the foregoing conditions.⁽⁵⁾

	Lot 365 Section 96	Lot 223 Section 96
Details of the proposed development	<ul style="list-style-type: none"> • Block A – 843 units of Dewan Bandaraya Kuala Lumpur (“DBKL”) apartment; • Block B – 410 units of residential apartment; • Block C – 392 units of residential apartment; • Block D – 406 units of residential apartment⁽³⁾; • Block E – 406 units of residential apartment; • Block F – 232 units of residential apartment; • Block G – 232 units of residential apartment; and • Block H – 174 units of DBKL apartment and 162 of affordable housing apartment 	Alternate access road for the development of the Bangsar Land ⁽⁶⁾
Estimated gross development value (“GDV”)⁽¹⁾	RM3,012.0 million	
Estimated gross development cost (including land cost) (“GDC”)⁽¹⁾	RM1,861.6 million	
Estimated profit⁽¹⁾	RM1,150.4 million	
Commencement / expected completion of the development	August 2020 / September 2028	
Stage / percentage of completion	The land clearing and demolition works have started on Blocks A, B, C, D and E	-
Approval obtained for the development	<ul style="list-style-type: none"> • Approval for Master Planning Permission (Kebenaran Merancang) obtained on 23 August 2017 • Approval for Building Plans obtained for the following : <ul style="list-style-type: none"> ○ Block A – 3 April 2019 ○ Blocks B and C – 3 April 2019; ○ Blocks D and E – 21 May 2018 and 22 August 2019; and ○ Blocks F and G – 27 June 2019 	- ⁽⁶⁾

Notes:

(1) Based on the preliminary studies conducted by the Company.

- (2) The updated express conditions of Lot 365 Section 96 upon completion of the process of surrender and re-alienation as approved by Pejabat Pengarah Tanah dan Galian Wilayah Persekutuan ("PTGWP") vide its letter dated 7 December 2018 are as follows:

Plot 1	Tanah ini hendaklah digunakan untuk pembangunan bercampur bagi tujuan apartment, kedai, klinik dan pejabat sahaja (This land shall be used for mixed development for the purposes of apartments, shops, clinics and offices only).
Plot 2	Tanah ini hendaklah digunakan untuk bangunan kediaman bagi tujuan apartment sahaja (This land shall be used for residential buildings for the purpose of apartments only).
Plot 3	Tanah ini hendaklah digunakan untuk bangunan kediaman bagi tujuan rumah mampu milik sahaja (This land shall be used for residential buildings for the purpose of affordable housing units only).

- (3) The sale of Block D was launched in mid-September 2020.
- (4) The comparison approach was the only method of valuation as Lot 223 Section 96 is a parcel of residential detached plot with no planning approval.
- (5) The express condition can be removed via an application to PTGWP in accordance with its letter dated 8 February 2019.
- (6) There is no planning approval for Lot 223 Section 96 given that there may be changes to the proposed development on Lot 223 Section 96.

2.1.2 Basis and justification for the BHP Development Subscription Consideration

The BHP Development Subscription Consideration was arrived at on a willing subscriber willing issuer basis after taking into consideration the following:

- (i) market value of the Bangsar Land of RM327.0 million as appraised by CBRE|WTW vide its valuation certificate dated 10 September 2020 ("**Bangsar Land Valuation Certificate**"); and
- (ii) adjusted net assets ("**NA**") of BHP Development which was arrived at as follows:

	<u>RM'000</u>	<u>RM'000</u>
Unaudited NA as at 31 July 2020		3,949
(a) <u>Adjustment to the fair value of the Bangsar Land</u>		
Market value of the Bangsar Land	327,000	
Less: NBV of the Bangsar Land	<u>(321,539)</u>	
	5,461	
Less: Deferred tax liabilities of 24%	<u>(1,310)</u>	
		4,151
Adjusted NA		<u>8,100</u>
Adjusted NA represented by the existing issued share capital of BHP Development	(A)	8,100
New BHP Development Shares to be issued pursuant to the Proposed Subscription of BHP Development	(B)	51.0%
Effective NA represented by the new BHP Development Shares	(C) = [(A) / (100% - (B)) x (B)]	8,431

In justifying the BHP Development Subscription Consideration, the Board has taken into consideration the intended shareholding of the Company in BHP Development after the Proposed Subscription of BHP Development, the rationale and benefits of the Proposed Subscription of BHP Development as set out in Section 3.1 of this Announcement and the prospects of BHP Development as set out in Section 4.2 of this Announcement.

2.1.3 Source of funding

The BHP Development Subscription 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, among others, gearing level, interest costs and internal cash requirements of the Company and its subsidiaries (collectively, "**Group**").

2.1.4 Liabilities to be assumed

Save for the liabilities in the financial statements of BHP Development which will be consolidated into the results of the Group and the BHP Development Corporate Guarantee (as defined in Section 2.2 of this Announcement), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Company arising from the Proposed Subscription of BHP Development.

2.1.5 Additional financial commitment

Save for the estimated cost of RM1.6 billion for the development of the Bangsar Land, which is expected to be incurred over a period of 8 years, the Company does not foresee any other material financial commitment required to put the development under BHP Development on-stream after the completion of the Proposed Subscription of BHP Development. The cost of development of the Bangsar Land may be funded via internally generated funds, shareholders' advances, bank borrowings and/or sale proceeds of the development project on the Bangsar Land identified as 'Bangsar Hill Park' after taking into consideration BHP Development's gearing level and working capital requirement.

2.2 Proposed Provision of Financial Assistance to BHP Development

Pursuant to the terms of the SSSA, the current shareholders' advances in BHP Development is required to be adjusted in proportion to the respective shareholders' shareholding in BHP Development after the completion of the Proposed Subscription of BHP Development. In this respect and based on the estimated shareholders' advance requirement of BHP Development of RM200.2 million ("**Estimated BHP Development Shareholders' Advances**"), the Company may be required to advance up to RM102.1 million in cash to BHP Development ("**BHP Development Shareholder Advances**") which is in proportion to the Company's 51.0% shareholding in BHP Development after the completion of the Proposed Subscription of BHP Development.

The advances to BHP Development from the respective shareholders as at 30 September 2020, being the latest practicable date prior to this Announcement (“LPD”) and after the Proposed Subscription of BHP Development are as follows:

	After the Proposed Subscription of BHP Development		
	As at the LPD⁽¹⁾	Based on the shareholders’ advances to BHP Development as at the LPD	Based on the Estimated BHP Development Shareholders’ Advances
	(RM’000)	(RM’000)	(RM’000)
Sunsuria KL	42,542	30,345	49,042
Suez Capital	79,441	28,472	42,236
Dasar Temasek	1,872	1,872	6,805 ⁽³⁾
Sunsuria	-	63,166 ⁽²⁾	102,087
	123,855	123,855	200,170

Notes:

(1) *The shareholders’ advances does not include any interest payable by BHP Development to the respective shareholders.*

(2) *Based on the shareholders’ advances as at the LPD, the Company will need to advance RM63.2 million to BHP Development, representing its 51.0% shareholding, over a period of 12 months from the completion date of the Proposed Subscription of BHP Development subject to a minimum monthly advance of RM3.0 million to BHP Development.*

*Thereafter, BHP Development will use the funds to be received from the Company to repay the advances made by Sunsuria KL and Suez Capital so that the advances from the BHP Development Existing Shareholders and the Company are adjusted in proportion to reflect their respective shareholdings in BHP Development (“**Adjustment of BHP Development Shareholders Advances**”).*

For the avoidance of doubt, Sunsuria KL, Suez Capital and Dasar Temasek are not obligated to extend any further advances to BHP Development until the Adjustment of BHP Development Shareholders Advances is completed.

(3) *In the event that Dasar Temasek is unable to provide all or any part of its shareholder’s advances, the shortfall of the shareholder’s advances shall be contributed by Suez Capital.*

The BHP Development 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, among others, gearing level, interest costs and internal cash requirements of the Group.

In addition, the Company may be required to provide corporate guarantees equivalent to 51.0% of the total financing facilities amount obtained by BHP Development for the development of the Bangsar Land. Based on the financing facilities of BHP Development as at the LPD of RM341.1 million, the Company may be required by BHP Development’s financiers to provide corporate guarantee of up to RM174.0 million (“**BHP Development Corporate Guarantee**”) which is in proportion to its 51.0% shareholding in BHP Development.

Apart from the above, the Company may also be required to provide additional advances to BHP Development and/or corporate guarantees for the financing facilities to be obtained by BHP Development, the actual quantum of which cannot be determined at this juncture as the amount will depend on the cost of development of the Bangsar Land. In any event, the Company will observe and comply at all times with the provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) with regards to the additional provision of financial assistance by the Company to BHP Development.

2.3 Proposed Acquisition of Bumilex

The Proposed Acquisition of Bumilex involves the acquisition by the Company of 100,000 existing Bumilex Shares, representing 100% of the issued share capital of Bumilex, free from all charges, pledges or liens or any other encumbrances from the Vendors for the Bumilex Purchase Consideration to be satisfied in cash on the completion date of the Proposed Acquisition of Bumilex.

Bumilex was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 16 August 2007 and is deemed registered under the Act. The principal activity of Bumilex is investment holding and it commenced its operation on 15 November 2017.

Bumilex through its 51.0%-owned subsidiary, Montflex, had on 21 March 2017 entered into a joint venture agreement (“**JVA**”) with Datuk Bandar Kuala Lumpur (“**Datuk Bandar**” or “**Landowner**”) to undertake the development of the lands held under GRN 79019 Lot 316 and PN 51109 Lot 20002, Section 40, all within Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur measuring approximately 3,176.0 sqm and 1,547.0 sqm respectively (collectively, “**TAR Land**”). Pursuant to the terms and conditions of the JVA, the Landowner allowed Montflex to take possession of the TAR Land to undertake the development project of the TAR Land to be identified as ‘Nadi @ TAR’ at Montflex’s costs and expenses for a consideration of RM87.8 million to be paid progressively to the Landowner via a combination of cash and payment in kind.

Further information on Bumilex, the Vendors and Montflex are set out in Appendix III, Appendix IV and Appendix V of this Announcement.

The salient terms of the SSPA and JVA are set out in Appendix VIII and Appendix X of this Announcement.

2.3.1 Information on the TAR Land

Details on the TAR Land are as follows:

	Lot 316 Section 40	Lot 20002 Section 40
Address	Along Lorong Tuanku Abdul Rahman	
Land area	3,176.0 sqm	1,547.0 sqm
Category of land use	Building	Building
Tenure	Freehold	Leasehold 99 years expiring on 28 June 2111
Market value	RM25.0 million	
Date of valuation	1 September 2020	
Independent registered valuer	CBRE WTW	
Method of valuation	Income approach (residual method) ⁽³⁾	
Audited NBV as at 31 December 2019	RM29.5 million	
Encumbrances	Nil	

	Lot 316 Section 40	Lot 20002 Section 40
Express Conditions⁽¹⁾	Tanah ini hendaklah digunakan untuk pembangunan campuran bagi tujuan kediaman dan perdagangan sahaja (<i>This land shall be used for mixed development for the purposes of residential and commercial buildings only</i>).	Tanah ini hendaklah digunakan hanya untuk tujuan tapak pembangunan bercampur sahaja (<i>This land shall be used for the purpose of mixed development site only</i>).
Details of the proposed development	<ul style="list-style-type: none"> • 7 storey of retail space; • 22 storey of office suites with office lobby • 10 storey of parking lot; • 3 storey of office space with multipurpose hall and mechanical and electrical room; and • 1 storey of retail space with mechanical and electrical room <p>(collectively, “Development Unit”)</p>	
Estimated GDV⁽²⁾	RM524.8 million	
Estimated GDC⁽²⁾	RM361.0 million	
Estimated profit⁽²⁾	RM163.8 million	
Expected commencement / completion of the development	June 2021 / November 2025	
Stage / percentage of completion	2%	
Approval obtained for the development	<ul style="list-style-type: none"> • Development Order obtained on 21 August 2014 • Amended Development Order obtained on 6 March 2018 (“Amended DO”) • Approval for Building Plan with conditions obtained on 25 May 2018 • Conditional approval for the building permits (Kebenaran Mendirikan Bangunan) obtained on 19 March 2019. 	

Notes:

(1) *The updated express conditions of the TAR Land upon completion of the process of surrender and re-alienation as approved by PTGWP vide its letter dated 7 December 2018 are as follows:*

“Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan ruang perniagaan, pejabat dan hotel sahaja (This land must be used for commercial buildings for the purpose of business areas, offices and hotels only).”

(2) *Based on the preliminary studies conducted by the Company.*

(3) *The income approach (residual method) was the only method of valuation in valuing development rights as it takes into account the rights, liabilities and obligations arising from the joint development.*

2.3.2 Basis and justification for the Bumilex Purchase Consideration

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

- (i) market value of the development rights of the TAR Land held by Montflex of RM25.0 million as appraised by CBRE|WTW vide its valuation certificate dated 10 September 2020 ("**TAR Land Valuation Certificate**"); and
- (ii) adjusted NA of Bumilex and its subsidiary, Montflex, (collectively, "**Bumilex Group**") attributable to the owners of Bumilex which was arrived at as follows:

	<u>RM'000</u>	<u>RM'000</u>
Audited net liabilities (" NL ") attributable to the owners of Bumilex as at 31 December 2019 ⁽¹⁾		(1,901)
(a) Adjustment to be aligned with the Malaysian Financial Reporting Standards (" MFRS ")		(3)
(b) Less: Reversal of goodwill arising from the acquisition of Montflex by Bumilex		(213)
		<u>(2,117)</u>
(c) <u>Adjustment on the fair value of the TAR Land</u>		
Market value of the TAR Land	25,000	
Less: NBV of the TAR Land	<u>(29,470)</u>	
	(4,470)	
Add: Deferred tax assets of 24%	1,073	
Add: Non-controlling interest	<u>1,665</u>	
		(1,732)
(d) <u>Adjustment on the waiver of certain liabilities</u>		
Waiver of certain liabilities from the existing creditors of Bumilex ⁽²⁾	2,490	
Waiver of certain liabilities from the existing creditors of Montflex ⁽²⁾	3,530	
Less: Deferred tax liabilities of 24%	(847)	
Less: Non-controlling interest	<u>(1,315)</u>	
		3,858
Adjusted NA attributable to the owners of Bumilex		<u>9</u>

Notes:

- (1) *The audited financial statements of the Bumilex Group for the financial year ended ("**FYE**") 31 December 2019 was prepared in accordance with the Malaysian Private Entities Reporting Standards ("**MPERS**").*
- (2) *Pursuant to the SSPA, the Vendors undertake to deliver to the Company to written waiver of certain liabilities from the existing creditors of Bumilex and Montflex respectively on the completion date of the Proposed Acquisition of Bumilex ("**Waiver of Liabilities**").*

In justifying the Bumilex Purchase Consideration, the Board has taken into consideration the Waiver of Liabilities, the rationale and benefits of the Proposed Acquisition of Bumilex as set out in Section 3.1 of this Announcement and the prospects of the Bumilex Group as set out in Section 4.2 of this Announcement.

2.3.3 Source of funding

The Bumilex Purchase Consideration will be funded via the Company's internally generated funds.

2.3.4 Liabilities to be assumed

Save for the liabilities in the financial statements of Bumilex which will be consolidated into the results of the Group and the Montflex Corporate Guarantee (as defined in Section 2.4 of this Announcement), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by the Company arising from the Proposed Acquisition of Bumilex.

2.3.5 Additional financial commitment

Save for the estimated cost of RM361.0 million for the development of the TAR Land, which is expected to be incurred over a period of 4 years, the Company does not foresee any other material financial commitment required to put the development under Montflex on-stream after the completion of the Proposed Acquisition of Bumilex. The cost of development of the TAR Land may be funded via internally generated funds, shareholders' advances, bank borrowings and/or sale proceeds of the development project on the TAR Land after taking into consideration Montflex's gearing level and working capital requirement.

2.3.6 Original cost and date of investment

The original cost and date of investment of the Vendors in Bumilex are as follows:

Vendor	Date of investment	No. of Bumilex Shares	Cost of investment (RM)
Johari Bin Said	7 November 2007	1	1
	20 February 2008	74,989	74,989
	12 July 2010	25,000	25,000
		<u>99,990</u>	<u>99,990</u>
Aizul Akma Binti Awang	20 February 2008	10	10

2.4 Proposed Provision of Financial Assistance to Montflex

Pursuant to the terms of the Montflex SHA, the current shareholders' advances in Montflex is required to be adjusted in proportion to the respective shareholders' shareholding in Montflex after the completion of the Proposed Acquisition of Bumilex. In this respect and based on the estimated shareholders' advance requirement of Montflex of RM40.3 million ("**Estimated Montflex Shareholders' Advances**"), the Company may be required to provide (either directly or through Bumilex) advances of up to RM20.6 million in cash to Montflex ("**Montflex Shareholder Advances**") after the completion of the Proposed Acquisition of Bumilex which is in proportion to Bumilex's 51.0% shareholding in Montflex.

The advances to Montflex from the respective shareholders as at the LPD and after the Proposed Acquisition of Bumilex are as follows:

	After the Proposed Acquisition of Bumilex			
	As at the LPD⁽²⁾	After the Waiver of Liabilities⁽³⁾	Based on the shareholders' advances to Montflex as at the LPD after the Waiver of Liabilities	Based on the Estimated Montflex Shareholders' Advances
			(RM'000)	(RM'000)
Suez Capital ⁽¹⁾	16,332	14,302	7,008	11,366
Sunsuria City (KL) Sdn Bhd ("Sunsuria City (KL)") ⁽¹⁾	10,651	9,327	4,570	7,413
Ter Leong Boon ⁽¹⁾	710	622	305	494
Ter Hong Khim @ Tai Foong Chin ⁽¹⁾	710	622	305	494
Excel Logic	28,403	24,873	12,188	19,768
Bumilex	-	-	12,685 ⁽⁴⁾	20,574
	<u>28,403</u>	<u>24,873</u>	<u>24,873</u>	<u>40,342</u>

Notes:

- (1) Suez Capital, Sunsuria City (KL), Ter Leong Boon and Ter Hong Khim are the shareholders of Excel Logic ("**Excel Logic Shareholders**").
- (2) The shareholders' advances does not include any interest payable by Montflex to the respective shareholders.
- (3) The Waiver of Liabilities includes a waiver of RM3.5 million of the advances made by Excel Logic Shareholders to Montflex.
- (4) Based on the shareholders' advances as at the LPD, the Company will need to advance (either directly or through Bumilex) RM12.7 million to Montflex, representing Bumilex's 51.0% shareholding in Montflex, over a period of 18 months from the completion date of the Proposed Acquisition of Bumilex subject to a minimum monthly advance of RM0.7 million to Montflex.

Thereafter, Montflex will use the funds to be received from the Company (either directly or through Bumilex) to repay the advances made by the Excel Logic Shareholders so that the advances from Excel Logic or Excel Logic Shareholders, the Company and/or Bumilex are adjusted in proportion to reflect Excel Logic and Bumilex shareholdings in Montflex ("**Adjustment of Montflex Shareholders Advances**").

For the avoidance of doubt, Excel Logic and/or the Excel Logic Shareholders are not obligated to extend any further advances to Montflex until the Adjustment of Montflex Shareholders Advances is completed.

The Montflex Shareholder 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, among others, gearing level, interest costs and internal cash requirements of the Group.

In addition, the Company may be required to provide (either directly or through Bumilex) corporate guarantees equivalent to 51.0% of the total financing facilities amount obtained by Montflex for the development of the TAR Land. Based on the financing facilities of Montflex as at the LPD of RM25.0 million, the Company may be required by Montflex's financiers to provide corporate guarantee of up to RM12.7 million ("**Montflex Corporate Guarantee**") which is in proportion to Bumilex's 51.0% shareholding in Montflex.

Apart from the above, the Company may also be required to provide (either directly or through Bumilex) additional advances to Montflex and/or corporate guarantees for the financing facilities to be obtained by Montflex, the actual quantum of which cannot be determined at this juncture as the amount will depend on the cost of development of the TAR Land. In any event, the Company will observe and comply at all times with the provisions in the Listing Requirement with regards to the additional provision of financial assistance by the Company to Montflex.

Further information on Excel Logic is set out in Appendix VI of this Announcement.

The salient terms of the Montflex SHA are set out in Appendix IX of this Announcement.

3. RATIONALE AND BENEFITS OF THE PROPOSALS

3.1 Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex

The Group currently does not have any ongoing development project in Kuala Lumpur.

The Proposed Subscription of BHP Development provides an opportunity for the Group to take 51.0% ownership in BHP Development which owns the Bangsar Land located at a strategic prime location within Bangsar, Kuala Lumpur, while the Proposed Acquisition of Bumilex provides an opportunity for the Group to collaborate with the Landowner to develop the TAR Land located at prime location within Kuala Lumpur city centre through its 51.0%-owned indirect subsidiary, Montflex, without the need to incur significant cash outlay to secure control over these development projects in Kuala Lumpur. This will also allow the Group to conserve its cash reserves for the developments of the Bangsar Land and the TAR Land after the completion of the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex.

With the approved development orders, the Group will have the option of immediately undertaking the developments on the Bangsar Land and the TAR Land, and market these developments to meet the market demand in these locations. The developments of the Bangsar Land and the TAR Land are expected to facilitate the continuing growth of the Group's core business in property development by enhancing the GDV for the Group's property development projects as follows:

	Estimated GDV
	(RM' million)
Bangsar Land	3,012.0
TAR Land	524.8
	<u>3,536.8</u>

Although the estimated GDV of the Bangsar Land and the TAR Land may be subject to change, the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex are expected to contribute positively to the earnings of the Group over the long term as the Group recognises the revenue from the developments on the Bangsar Land and the TAR Land.

In addition, the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex provide opportunities to the Group's construction arm to tender for construction contracts for the developments on the Bangsar Land and the TAR Land that will further enhance the earnings of the Group.

3.2 Proposed Provision of Financial Assistance to BHP Development and Proposed Provision of Financial Assistance to Montflex

The Proposed Provision of Financial Assistance to BHP Development and Proposed Provision of Financial Assistance to Montflex are intended to fund the developments on the Bangsar Land and the TAR Land and to facilitate the respective companies to obtain the necessary financing facilities.

4. INDUSTRY OVERVIEW AND OUTLOOK OF THE PROPERTY MARKET AND PROSPECTS OF BHP DEVELOPMENT AND BUMILEX

4.1 Overview and outlook of the property market in Malaysia

The property market performance recorded a sharp decline in the first half of 2020 (H1 2020) compared to the same period last year (H1 2019). A total of 115,476 transactions worth RM46.94 billion were recorded, showing a decrease of 27.9% in volume and 31.5% in value compared to the same period last year, which recorded 160,165 transactions worth RM68.53 billion.

The residential sub-sector led the overall property market, with 65.2% contribution. This was followed by agriculture sub-sector (20.1%), commercial (7.0%), development land and others (5.9%) and industrial (1.7%). In terms of transaction value, residential took the lead with 54.6% share, followed by commercial (18.1%), industrial (11.5%), agriculture (8.8%) and development land and others (7.0%).

Residential Property

There were 75,318 transactions worth RM25.61 billion recorded in the review period, decreased by 24.6% in volume and 26.1% in value compared to the same period last year (H1 2019). Performance across the states was not encouraging as all states recorded declines in market activity. By state, Selangor contributed the highest volume and value to the national market share, with 22.8% in volume (17,178 transactions) and 32.9% in value (RM8.44 billion). As for Wilayah Persekutuan Kuala Lumpur ("WPKL"), though only 4,100 transactions were recorded, the transaction value was the third highest at RM3.11 billion.

In the primary market, the number of new launches in the first half-year were far behind those recorded in similar half of 2019. There were 13,294 units launched, down by 43.6% against 23,591 units in similar half year of 2019.

Against the preceding half, the launches were lower by 31.6% (H2 2019: 19,444 units). Sales performance was poor at 3.3%, way lower compared to H1 2019 (30.9%) and H2 2019 (28.4%). The lower new launches and poor sales performance was probably due to the total closure of almost all business and economic activities during the movement control order period, which was imposed since March 18 2020.

The slow market absorption of the primary market led to the increase in residential overhang. There were 31,661 overhang units worth RM20.03 billion, increased by 3.3% in volume (H2 2019: 30,664 units) and 6.4% in value against the preceding half (H2 2019: RM18.82 billion). Meanwhile the unsold under construction recorded a marginal increase to 74,230 units, up by 2.1% whilst the unsold not constructed improved as the numbers dropped to 14,542 units, reduced by 13.3%.

Construction activities remained on a low tone for starts, which declined by 28.3% to 33,493 units compared to the same period last year (H1 2019: 46,735 units), all states except Johor and Kelantan recorded lower commencement of project. Likewise, new planned supply dropped by 34.1% to 24,098 units (H1 2019: 36,578 units) as all states recorded fewer except Pulau Pinang, Negeri Sembilan and Kedah. In contrast, completion recorded a marginal increase of 0.9% to 27,529 units (H1 2019: 27,277 units); all states recorded lower completion except Selangor, Putrajaya, Melaka, Kelantan and Sarawak. Selangor contributed the highest number of completion, accounting for 25.4% (6,996 units) of the national total.

The Malaysian House Price Index continued to increase at a moderating trend. As at 2nd quarter of 2020, the Malaysian House Price Index stood at 198.3 points (at base year 2010), up by 0.4% on annual basis, the lowest annual growth recorded since year 2010. However, on quarterly movements, the index points decreased marginally by 0.7% against 1st quarter of 2020 (199.7 points).

Commercial Property

There were 8,118 transactions worth RM8.51 billion recorded, declined by 37.4% in volume and 33.2% in value (H1 2019: 12,962 transactions worth RM12.75 billion). Performance across the states worsened as all states recorded significant declines in market activity. By state, Selangor contributed the highest volume and value to the national market share, with 23.0% in volume (1,870 transactions) and 28.2% in value (RM2.4 billion); followed by Johor with 16.2% in volume (1,314 transactions) and 12.6% in value (RM1.08 billion). As for WPKL, though only 1,212 transactions (14.9% of the total) were recorded, the transaction value was the second highest at RM2.09 billion.

The overall performance of purpose-built office was stable, with occupancy rate of 80.6% in H1 2020, similar to that of H2 2019. The purpose-built office consists of 1,545 private buildings (17,088,560 s.m.) and 1,003 government buildings (5,865,691 s.m.).

As for the private office buildings, the average occupancy rate moderated at 74.3%, declined further from 74.8% recorded in H2 2019. WPKL and Pulau Pinang secured higher occupancy rate at 75.8% and 78.6% respectively; whereas Selangor and Johor lower than national level at 69.8% and 65.0% respectively. Private office buildings in Putrajaya recorded the lowest occupancy rate at 39.1%

Four new completions were recorded, offering a total space of 278,576 s.m., higher than 169,023 s.m. recorded in H1 2019. As at end-June 2020, there was a total of 22.95 million s.m. existing office space from 2,548 buildings, while another 2.25 million s.m. (48 buildings) in the incoming supply and nearly 0.67 million s.m. (15 buildings) in the planned supply. WPKL dominated all three categories of supplies, contributing 40.4% of the total existing office spaces and 65.2% of the total incoming supply spaces.

2020 Outlook

The property market performance recorded a sharp decline in the first half of 2020 (H1 2020). The sharp decline was in consonant with the Malaysian economic performance, which contracted by 17.1% in 2nd quarter of 2020 (1st quarter of 2020: 0.7%). According to Bank Negara Malaysia report, Malaysian economy is expected to recover gradually in 2nd half of 2020 as the economy progressively re-opens and external demand improves. The Malaysia's Gross Domestic Product ("GDP") is projected to grow within the range of -3.5% to -5.5% in 2020 and 5.5% to 8.0% in 2021.

Further assistance from the government, initiated under a new short-term Economic Recovery Plan or Penjana, proposed a recovery plan namely the proposed reintroduction of the Home Ownership Campaign, real property gains tax exemption and the uplifting of the current 70% financing margin limit for third housing loan onwards.

Notwithstanding the upturn of market activity and the proposed measures under Penjana, the property market is more than likely to remain soft for the rest of the second half 2020. The pace of improvement, will be depend on both domestic and external factors such as political stability, global oil and commodity prices as well as the coronavirus disease (“**COVID-19**”) pandemic development.

(Source: Property Market Report First Half 2020, JPPH Malaysia, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

4.2 Prospects of BHP Development and Bumilex

BHP Development

BHP Development is a property development company which owns the Bangsar Land that is strategically located at a prime location in Bangsar with immediate surrounding development comprising terraced houses, semi-detached houses, detached houses, apartments, office towers and 2 popular neighbourhood malls, namely Bangsar Village and Bangsar Shopping Centre.

It is easily accessible from various parts of the Klang Valley via highways such as the Sprint Highway, Damansara Link, New Pantai Expressway and Federal Highway, and via light railway transit (“**LRT**”) with the Bangsar LRT Station within walking distance from the Bangsar Land. The Kuala Lumpur Sentral Station, the integrated rail transportation centre of Kuala Lumpur that houses 6 railway networks, i.e. KTM Intercity, KLIA Transit, KLIA Express, LRT, KTM Commuter and KL Monorail, is located within 10 minutes’ drive from the Bangsar Land.

The Bangsar Land is also located in close proximity to Mid Valley City, an integrated development comprising 2 iconic shopping malls, namely Mid Valley Megamall and The Gardens Mall, office towers and hotels.

Given the existing surrounding amenities, facilities and infrastructures, as well as the scarcity of development land in the Bangsar area, the Board expects the demand for residential properties in the area to remain positive and believes that the development of the Bangsar Land will contribute positively to the long-term earnings of the Group.

Bumilex

Bumilex is an investment holding company, with its sole investment in the form of its 51.0% stake in Montflex, which owns the development rights of the TAR Land that is strategically located within Kuala Lumpur city centre and surrounded by office buildings, retail complexes, condominiums, serviced apartments, hotels and two to six storeys shop offices.

It is easily accessible from all parts of Kuala Lumpur city centre via Jalan Ampang, Jalan Munshi Abdullah and Jalan Dang Wangi and via LRT with the nearest Bandaraya LRT Station located within a short distance from the TAR Land.

Jalan Tuanku Abdul Rahman is one of the famous shopping streets in Kuala Lumpur which stretches from north-west to south-west of the TAR Land with Sogo Shopping Complex, Pertama Complex, Bangunan Majlis Amanah Rakyat and Maju Junction Mall located within the same area. The TAR Land is also located near Jakel Square which is located within the stratified urban complex of office, commercial, serviced apartment and retail premises development known as Capsquare.

Given the existing surrounding amenities, facilities and infrastructures, as well as the scarcity of development land within the Kuala Lumpur city centre area, the Board expects the demand for mixed commercial development properties in the area to remain positive and believes that the development of the TAR Land will contribute positively to the long-term earnings of the Group.

5. RISKS OF THE PROPOSALS

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

5.1 Risks relating to the Proposals

(i) Completion risk

The completion of the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex is subject to, among others, the fulfilment of the conditions precedent of the respective Agreements. The Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex 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 Agreements may lead to a delay in the completion and/or termination of the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex respectively.

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

(ii) Financing and interest rate risk

The Group may seek external financing to settle the BHP Development Subscription Consideration as well as to fund the BHP Development Shareholder Advances, development of the Bangsar Land, Montflex Shareholder Advances and development of the TAR Land. 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.

There can be no assurance that the necessary financing will be available on terms and conditions acceptable to the Group and hence, there can be no guarantee that the Group will be able to obtain sufficient borrowings to fund the BHP Development Subscription Consideration, BHP Development Shareholder Advances, development of the Bangsar Land, Montflex Shareholder Advances and development of the TAR Land.

In addition, the 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.

Nevertheless, the 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 default by BHP Development and Montflex

The BHP Development Corporate Guarantee and Montflex Corporate Guarantee will be recognised as contingent liabilities in the Group's financial statements and may be called upon or claimed by the financial institutions in any event of default by BHP Development and Montflex in respect of the financing facilities obtained, which as a consequence, the Group will be required to repay the indebtedness of BHP Development and Montflex to the financial institutions and may have an adverse impact on the financial position of the Group.

Nevertheless, the Group, together with BHP Development Existing Shareholders and Excel Logic, will continuously monitor and review the financing facilities obtained by BHP Development and Montflex, as well as their cash flow to ensure the ability of BHP Development and Montflex to meet their financing obligations is not compromised throughout the tenure of the financing facilities.

(iv) Risk associated with the valuation of the Bangsar Land and TAR Land

CBRE|WTW has adopted the income approach (residual method) and comparison approach in valuing the Bangsar Land, and has adopted the income approach (residual method) only in valuing the development rights of the TAR Land. Under the income approach (residual method), the market value is derived after taking into consideration, among others, the estimated GDV, GDC, completion timeframe of the development and current market condition, whereas under comparison approach, the market value is derived after taking into consideration, among others, recent transactions and asking prices of similar properties within the same locality with adjustments made for the differences in the relevant characteristics of the land.

The market values of the Bangsar Land and the TAR Land as appraised by CBRE|WTW are 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.

(v) Risk associated with the investment for the Bangsar Land and the TAR Land

The developments of the Bangsar Land and the TAR Land are expected to contribute positively to the long-term earnings of the Group. However, there can be no assurance that the developments of the Bangsar Land and the TAR Land will generate the expected returns on investment as the success and profitability of the developments on these lands will depend on various factors such as timely completion of the development projects, availability and cost of funding, sales level for the development projects and changes in the applicable laws and regulations.

The Group will continue to exercise due care in the evaluation of the Bangsar Land and the TAR Land, 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 Subscription of BHP Development and Proposed Acquisition of Bumilex are 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 financial and fiscal policies that may affect the purchasing power and buying sentiments of purchaser.

While the 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 economic, social and political condition of Malaysia will not have a material adverse effect to 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.

In the event of any compulsory acquisition of the Bangsar Land and the TAR Land, there can be no assurance that the Bangsar Land and the TAR Land will be acquired at the market value of the lands. The Group 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 Shares") and/or convertible securities in the Company.

6.2 NA per Sunsuria Share and gearing

For illustrative purposes, based on the audited consolidated statement of financial position of the Company as at 30 September 2019 and assuming that the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex had been effected on that date, the pro forma effects of the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex on the NA per Sunsuria Share and gearing of the Group are as follows:

		(I)	(II)
	Audited as at 30 September 2019	After the Proposed Subscription of BHP Development	After (I) and the Proposed Acquisition of Bumilex
	(RM'000)	(RM'000)	(RM'000)
Ordinary share capital	640,288	640,288	640,288
Reserves	359,282	364,834 ⁽³⁾	364,843 ⁽³⁾
Equity / NA attributable to the owners of the Company	999,570	1,005,122	1,005,131
Non-controlling interest	16,304	31,543 ⁽⁴⁾	31,543 ⁽⁴⁾
Total equity / NA	1,015,874	1,036,665	1,036,674
No. of Sunsuria Shares in issue (excluding treasury shares) ('000)	895,917	895,917	895,917
NA per Sunsuria Share (RM) ⁽¹⁾	1.12	1.12	1.12
Total borrowings	183,398	462,341 ⁽⁵⁾⁽⁶⁾	482,915 ⁽⁶⁾
Gearing (times) ⁽²⁾	0.18	0.45	0.47

Notes:

- (1) Calculated based on NA attributable to the owners of the Company divided by number of Sunsuria Shares in issue (excluding treasury shares).
- (2) Calculated based on total borrowings divided by total equity / NA.
- (3) The reserves are arrived at after taking into consideration the following:

	<u>RM'000</u>
Audited reserves as at 30 September 2019	359,282
Add: Estimated negative goodwill arising from the Proposed Subscription of BHP Development *	7,423
Less: Estimated expenses relating to the Proposals	(1,871)
	<u>364,834</u>
Add: Estimated negative goodwill arising from the Proposed Acquisition of Bumilex*	9
	<u>364,843</u>

- * Being the excess of the share of the adjusted audited NA of BHP Development / Bumilex Group as at 31 December 2019 after taking into consideration the market value of the Bangsar Land and the TAR Land as appraised by CBRE|WTW vide the Bangsar Land Valuation Certificate and the TAR Land Valuation Certificate against the BHP Development Subscription Consideration / Bumilex Purchase Consideration.

The final determination of the negative goodwill will be based on the share of the fair value of the NA of BHP Development / Bumilex Group on the completion date of the Proposed Subscription of BHP Development / Proposed Acquisition of Bumilex which may differ from what is reflected in the pro forma effects on the NA per Sunsuria Share and gearing of the Group.

- (4) After taking into consideration the non-controlling interest in BHP Development and Montflex.
- (5) After taking into consideration the outstanding borrowings of BHP Development as at 31 December 2019 amounting to RM176.9 million.
- (6) Assuming that the BHP Development Shareholder Advances of RM102.1 million pursuant to the Proposed Provision of Financial Assistance to BHP Development and the Montflex Shareholder Advances of RM20.6 million pursuant to the Proposed Provision of Financial Assistance to Montflex are provided on 30 September 2019 and fully funded via bank borrowings.

6.3 Earnings per Sunsuria Share (“EPS”)

For illustrative purposes, based on the audited consolidated statements of profit or loss and other comprehensive income of the Company for the FYE 30 September 2019 and assuming that the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex had been effected on 1 October 2018, being the beginning of the FYE 30 September 2019, the pro forma effects of the Proposed Subscription of BHP Development and Proposed Acquisition of Bumilex on the EPS are as follows:

	(I)	(II)
	After the Proposed Subscription of BHP Development	After (I) and the Proposed Acquisition of Bumilex
Audited FYE 30 September 2019	(RM'000)	(RM'000)
Profit after taxation (“PAT”) attributable to the owners of the Company	135,465	138,902 ⁽¹⁾
No. of Sunsuria Shares in issue (excluding treasury shares) ('000)	895,917	895,917
EPS (sen)	15.12	15.43

Note:

- (1) The PAT attributable to the owners of the Company is arrived at after taking into consideration the following:

	RM'000	RM'000
Audited PAT for the FYE 30 September 2019		135,465
Add: Estimated negative goodwill arising from the Proposed Subscription of BHP Development*		7,423
Less: Share of audited loss after taxation (“LAT”) attributable to the owners of BHP Development for the FYE 31 December 2019		(2,115)
Less: Estimated expenses relating to the Proposals		(1,871)
		138,902
Add: Estimated negative goodwill arising from the Proposed Acquisition of Bumilex*		9
Less: Audited LAT attributable to the owners of Bumilex for the FYE 31 December 2019 [#]	(737)	
Add: Adjustment to be aligned with the MFRS	(3)	
Less: Reversal of goodwill arising from the acquisition of Montflex by Bumilex	26	
		(714)
		138,197

- * *Being the excess of the share of the adjusted audited NA of BHP Development / Bumilex Group as at 31 December 2019 after taking into consideration the market value of the Bangsar Land and the TAR Land as appraised by CBRE|WTW vide the Bangsar Land Valuation Certificate and the TAR Land Valuation Certificate against the BHP Development Subscription Consideration / Bumilex Purchase Consideration.*

The final determination of the negative goodwill will be based on the share of the fair value of the NA of BHP Development / Bumilex Group on the completion date of the Proposed Subscription of BHP Development / Proposed Acquisition of Bumilex which may differ from what is reflected in the pro forma effects on the EPS.

- # *The audited financial statements of the Bumilex Group for the FYE 31 December 2019 was prepared in accordance with the MPERS.*

Assuming that the BHP Development Shareholder Advances pursuant to the Proposed Provision of Financial Assistance to BHP Development and the Montflex Shareholder Advances pursuant to the Proposed Provision of Financial Assistance to Montflex are provided on 30 September 2019 and fully funded via bank borrowings, the Proposed Provision of Financial Assistance to BHP Development and Proposed Provision of Financial Assistance to Montflex will not have any effect on the EPS for the FYE 30 September 2019. Nevertheless, the Proposals are expected to contribute positively to the earnings of the Group over the long term upon recognition of income arising from the developments on the Bangsar Land and the TAR Land.

7. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Listing Requirements are as follows:

- (i) 28.5% for the Proposed Subscription of BHP Development and Proposed Provision of Financial Assistance to BHP Development computed based on the aggregate value of consideration pursuant to the Proposed Subscription of BHP Development and Proposed Provision of Financial Assistance to BHP Development compared with the audited consolidated NA attributable to the owners of the Company as at 30 September 2019; and
- (ii) 3.3% for the Proposed Acquisition of Bumilex and Proposed Provision of Financial Assistance to Montflex computed based on the aggregate value of consideration pursuant to the Proposed Acquisition of Bumilex and Proposed Provision of Financial Assistance to Montflex compared with the audited consolidated NA attributable to the owners of the Company as at 30 September 2019.

8. APPROVALS / CONSENTS REQUIRED

The Proposals are subject to the following being obtained:

- (i) approval of the non-interested shareholders of the Company at an extraordinary general meeting (“**EGM**”) of the Company to be convened;
- (ii) approval and/or consent of the financiers, including the financiers of the Company, BHP Development and Bumilex, if required;
- (iii) approval of the Public Private Partnership Unit, Prime Minister’s Department (“**UKAS, JPM**”) for the change in the shareholder of Bumilex; and
- (iv) approval, waiver and/or consent of any other relevant authority and/or party, if required.

9. CONDITIONALITY OF PROPOSALS

The inter-conditionality of the Proposals is as follows:

- (i) the Proposed Subscription of BHP Development, Proposed Provision of Financial Assistance to BHP Development, Proposed Acquisition of Bumilex and Proposed Provision of Financial Assistance to Montflex are inter-conditional upon each other in terms of the approval of the non-interested shareholders of the Company to be sought at an EGM of the Company to be convened;
- (ii) the Proposed Provision of Financial Assistance to BHP Development is conditional upon the completion of the Proposed Subscription of BHP Development and not vice versa; and
- (iii) the Proposed Provision of Financial Assistance to Montflex is conditional upon the completion of the Proposed Acquisition of Bumilex and not vice versa.

The Proposals are not conditional upon any other corporate exercise/scheme of the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Tan Sri Datuk Ter Leong Yap (“**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**”), Ter Capital Sdn Bhd (“**Ter Capital**”) and THK Capital Sdn Bhd (“**THK Capital**”). He is also a director and an indirect major shareholder of BHP Development, and an indirect major shareholder of Montflex. Accordingly, Tan Sri Datuk Ter, Ter Equity, Ter Capital and THK Capital are deemed interested in the Proposals.

(Tan Sri Datuk Ter, Ter Equity, Ter Capital and THK Capital are collectively referred to as “**Interested Shareholders**”)

Tan Sri Datuk Ter has abstained and will continue to abstain from all deliberations and voting at the relevant meetings of the Board in relation to the Proposals.

The Interested Shareholders will abstain from voting in respect of their direct and/or indirect shareholding in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM of the Company to be convened. They will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholding in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM of the Company to be convened.

The shareholdings of the Interested Shareholders in the Company as at the LPD are as follows:

	Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
	('000)		('000)	
Tan Sri Datuk Ter	168,839	18.9	368,666 ⁽¹⁾	41.2
Ter Equity	182,557	20.4	-	-
Ter Capital	181,467	20.3	-	-
THK Capital	4,642	0.5		

Note:

- (1) *Deemed interested by virtue of his interest in Ter Equity, Ter Capital and THK Capital pursuant to Section 8 of the Act.*

Save 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 recurrent related party transactions set out in the circular to the shareholders of the Company dated 31 January 2020, the Company has not entered into any transaction with Tan Sri Datuk Ter, Interested Shareholders and persons connected with them for the past 12 months preceding the LPD.

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 Agreements, rationale and benefits of the Proposals, prospects of BHP Development and Bumilex, as well as the preliminary opinion of the independent adviser, M&A Securities Sdn Bhd ("**M&A Securities**"), 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 Tan Sri Datuk Ter), after having considered all aspects of the Proposals, including the salient terms of the Agreements, rationale and benefits of the Proposals, prospects of BHP Development and Bumilex, as well as the preliminary opinion of the independent adviser, M&A Securities, is of the opinion that the Proposals are in the best interest of the Company.

14. ADVISERS

Maybank IB has been appointed as Principal Adviser to the Company for the Proposals.

Newfields Advisors Sdn Bhd ("**Newfields**") has been appointed as Financial Adviser to the Company for the Proposals to advise on, among others, the structure, timing, procedures and other matters pertaining to the Proposals which are within its scope. Newfields, together with Maybank IB, will coordinate the work streams with other professionals/experts appointed by the Company to ensure a smooth and successful implementation of the Proposals.

The Proposals are related party transactions pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, M&A Securities has been appointed to act as independent adviser to undertake the following in relation to the Proposals:

- (i) comment as to whether the Proposals are:
 - (a) fair and reasonable so far as the shareholders of the Company are concerned; and

(b) to the detriment of the non-interested shareholders of the Company;

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise the non-interested shareholders of the Company on whether they should vote in favour of the Proposals; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the first quarter of calendar year 2021.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreements, the Bangsar Land Valuation Certificate, the TAR Land Valuation Certificate and the JVA will be made available for inspection at the registered office of the Company at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU5, 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 2 October 2020.

FURTHER INFORMATION ON BHP DEVELOPMENT

1. Share capital

As at the LPD, the issued share capital of BHP Development is RM18,576,875 comprising 4,312,500 BHP Development Shares.

2. Directors

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

Name	Nationality	Direct		Indirect	
		No. of BHP Development Shares	%	No. of BHP Development Shares	%
Tan Sri Datuk Ter	Malaysian	-	-	2,156,250 ⁽¹⁾	50.0
Datuk Ter Leong Hing	Malaysian	-	-	2,156,250 ⁽²⁾	50.0
Abdul Hadi bin Ahmad	Malaysian	-	-	-	-
Wong Chiew Meng	Malaysian	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his interest in Sunsuria KL pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his interest pursuant to Section 8 of the Act in Suez Capital and Dasar Temasek arising from his interest in AKA Pro Sdn Bhd.

3. Shareholders

As at the LPD, the shareholders of BHP Development are as follows:

Name	Place of incorporation	Direct		Indirect	
		No. of BHP Development Shares	%	No. of BHP Development Shares	%
Sunsuria KL	Malaysia	2,156,250	50.0	-	-
Suez Capital	Malaysia	1,859,250	43.1	-	-
Dasar Temasek	Malaysia	297,000	6.9	-	-

4. Subsidiary and associate company

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

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

A summary of the financial information of BHP Development for the FYEs 31 December 2017, 31 December 2018 and 31 December 2019 is as follows:

	Audited		
	FYE 31 December		
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Revenue	-	-	83
Profit / (Loss) before taxation ("PBT" or "LBT")	(184)	(407)	(4,149)
PAT / (LAT)	(205)	(416)	(4,149)
Share capital	2,500	2,500	18,577
Total equity or NA / (NL)	(3,908)	(4,325)	7,603
No. of BHP Development Shares in issue ('000)	2,500	2,500	4,313
Earnings / (Loss) per BHP Development Share (RM) ⁽¹⁾	(0.08)	(0.17)	(0.96)
NA / (NL) per BHP Development Share (RM) ⁽²⁾	(1.56)	(1.73)	1.76
Current ratio (times)	0.14	0.14	0.06
Total borrowings	155,610	155,877	176,856
Gearing (times)	Not applicable	Not applicable	23.26

Notes:

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

FYE 31 December 2019 vs FYE 31 December 2018

BHP Development recorded a LAT of RM4.1 million for the FYE 31 December 2019, which represents a RM3.7 million increase as compared to the previous financial year. The increase in LAT was primarily due to the charging out of marketing expenses and administrative expenses in the statement of profit or loss of the company as they do not fulfil the criteria to be capitalised.

FYE 31 December 2018 vs FYE 31 December 2017

BHP Development recorded a LAT of RM0.4 million for the FYE 31 December 2018, which represents a RM0.2 million increase as compared to the previous financial year. The increase in LAT was primarily due to increase in administrative expenses.

FURTHER INFORMATION ON BHP DEVELOPMENT EXISTING SHAREHOLDERS
1. Sunsuria KL

Sunsuria KL was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 30 November 2007 under the name of Rantau Majuprima Sdn Bhd and is deemed registered under the Act. It assumed its present name on 18 September 2019. The principal activity of Sunsuria KL is activities of holding companies.

As at the LPD, the issued share capital of Sunsuria KL is RM100,000 comprising 100,000 ordinary shares in Sunsuria KL.

The director of Sunsuria KL and his shareholding in Sunsuria KL as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Tan Sri Datuk Ter	Malaysian	95,000	95.0	5,000 ⁽¹⁾	5.0

Note:

(1) Deemed interested by virtue of the shareholding held by his spouse, Puan Sri Datin Kwan May Yuen ("**Puan Sri Datin Kwan**"), pursuant to Section 59(11)(c) of the Act.

As at the LPD, the shareholders of Sunsuria KL are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Tan Sri Datuk Ter	Malaysian	95,000	95.0	5,000 ⁽¹⁾	5.0
Puan Sri Datin Kwan	Malaysian	5,000	5.0	-	-

Note:

(1) Deemed interested by virtue of the shareholding held by his spouse, Puan Sri Datin Kwan, pursuant to Section 59(11)(c) of the Act.

2. Suez Capital

Suez Capital was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 7 February 2001 under the name of Superb Season Development Sdn Bhd and is deemed registered under the Act. It assumed its present name on 18 July 2011. The principal activities of Suez Capital are property investment and investment holding.

As at the LPD, the issued share capital of Suez Capital is RM10,000,000 comprising 10,000,000 ordinary shares in Suez Capital.

FURTHER INFORMATION ON BHP DEVELOPMENT EXISTING SHAREHOLDERS (CONT'D)

The directors of Suez Capital and their respective shareholdings in Suez Capital as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Datuk Ter Leong Hing	Malaysian	9,300,000	93.0	-	-
Datuk Yang Kian Joo	Malaysian	300,000	3.0	-	-
Ter Chen Yi	Malaysian	-	-	-	-

As at the LPD, the shareholders of Suez Capital are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Datuk Ter Leong Hing	Malaysian	9,300,000	93.0	-	-
Datuk Yang Kian Joo	Malaysian	300,000	3.0	-	-
Chan Yoke Yen	Malaysian	300,000	3.0	-	-
Ter Leong Keat	Malaysian	50,000	0.5	-	-
Ter Leong Ping	Malaysian	50,000	0.5	-	-

3. Dasar Temasek

Dasar Temasek was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 28 April 2015 and is deemed registered under the Act. The principal activity of Dasar Temasek is investment holding.

As at the LPD, the issued share capital of Dasar Temasek is RM10,000 comprising 10,000 ordinary shares in Dasar Temasek.

The directors of Dasar Temasek and their respective shareholdings in Dasar Temasek as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Datuk Ter Leong Hing	Malaysian	-	-	8,184 ⁽¹⁾	81.8
Chan Yoke Yen	Malaysian	174	1.74	-	-

Note:

(1) Deemed interested by virtue of his interest in AKA Pro Sdn Bhd pursuant to Section 8 of the Act.

FURTHER INFORMATION ON BHP DEVELOPMENT EXISTING SHAREHOLDERS (CONT'D)

As at the LPD, the shareholders of Dasar Temasek are as follows:

Name	Nationality / Place of incorporation	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
AKA Pro Sdn Bhd	Malaysia	8,184	81.8	-	-
Ter Hong Khim @ Tai Foong Chin	Malaysian	570	5.7	-	-
Ter Leong Boon	Malaysian	435	4.3	-	-
Datuk Yang Kian Joo	Malaysian	232	2.3	-	-
Chan Yoke Yen	Malaysian	174	1.7	-	-
Ter Leong Hua	Malaysian	135	1.4	-	-
Ter Leong Ping	Malaysian	135	1.4	-	-
Ng Hon Yin @ Hwang Giok Ying	Malaysian	135	1.4	-	-

FURTHER INFORMATION ON BUMILEX

1. Share capital

As at the LPD, the issued share capital of Bumilex is RM100,000 comprising 100,000 Bumilex Shares.

2. Directors

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

Name	Nationality	Direct		Indirect	
		No. of Bumilex Shares	%	No. of Bumilex Shares	%
Johari bin Said	Malaysian	99,990	99.9	10 ⁽¹⁾	#
Aqmal Azam bin Ahmad	Malaysian	-	-	-	-

Notes:

(1) Deemed interested by virtue of the shareholding held by his spouse, Aizul Akma binti Awang pursuant to Section 59(11)(c) of the Act.

Negligible.

3. Shareholders

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

Name	Nationality	Direct		Indirect	
		No. of Bumilex Shares	%	No. of Bumilex Shares	%
Johari bin Said	Malaysian	99,990	99.9	10 ⁽¹⁾	#
Aizul Akma binti Awang	Malaysian	10	#		

Notes:

(1) Deemed interested by virtue of the shareholding held by his spouse, Aizul Akma binti Awang pursuant to Section 59(11)(c) of the Act.

Negligible.

4. Subsidiary and associate company

As at the LPD, the subsidiary of Bumilex is as follows:

Name of Company	Place / date of incorporation	Issued share capital	Effective equity interest held	Principal activities
Montflex	Malaysia / 9 January 2006	5,000,000	51.0%	Property development

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

A summary of the consolidated financial information of Bumilex for the FYEs 31 December 2017, 31 December 2018 and 31 December 2019 is as follows:

	Audited		
	FYE 31 December		
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Revenue	-	-	-
PBT / (LBT)	(62)	(292)	(1,418)
PAT / (LAT)	(62)	(292)	(1,418)
Profit / (Loss) after taxation and minority interest (" PATAMI " or " LATAMI ")	(35)	(163)	(737)
Share capital	100	100	100
Equity or NA / (NL) attributable to the owner of the company	(1,000)	(1,163)	(1,901)
Total equity	159	(133)	(1,550)
No. of Bumilex Shares in issue ('000)	100	100	100
Earnings / (Loss) per Bumilex Share (RM) ⁽¹⁾	(0.35)	(1.63)	(7.37)
NA / (NL) per Bumilex Share (RM) ⁽²⁾	(10.00)	(11.63)	(19.01)
Current ratio (times)	1.00	0.99	0.01
Total borrowings	-	-	-
Gearing (times)	Not applicable	Not applicable	Not applicable

Notes:

(1) Computed based on PATAMI / (LATAMI) for the financial year divided by total number of Bumilex Shares in issue.

(2) Computed based on NA / (NL) attributable to the owner of the company divided by total of number of Bumilex Shares in issue.

FYE 31 December 2019 vs FYE 31 December 2018

Bumilex recorded a LATAMI of RM0.7 million for the FYE 31 December 2019, which represents a RM0.6 million increase as compared to the previous financial year. The increase in LATAMI was primarily due to the increase in administrative and other operating expenses.

FYE 31 December 2018 vs FYE 31 December 2017

Bumilex recorded a LATAMI of RM0.2 million for the FYE 31 December 2018, which represents a RM0.1 million increase as compared to the previous financial year. The increase in LATAMI was primarily due to the increase in administrative and other operating expenses.

FURTHER INFORMATION ON THE VENDORS

The information on the Vendors is as follows:

1. Johari bin Said, aged 50, is a Malaysian. He is a director and shareholder of Bumilex.
2. Aizul Akma binti Awang, aged 48, is a Malaysian. She is a shareholder of Bumilex.

FURTHER INFORMATION ON MONTFLEX

Montflex was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 9 January 2006 and is deemed registered under the Act. The principal activity of Montflex is property development.

As at the LPD, the issued share capital of Montflex is RM5,000,000 comprising 5,000,000 ordinary shares in Montflex.

The directors of Montflex and their shareholdings in Montflex as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Datuk Ter Leong Hing	Malaysian	-	-	2,450,000 ⁽¹⁾	49.0
Datuk Yang Kian Joo	Malaysian	-	-	2,450,000 ⁽¹⁾	49.0
Datuk Haji Yasran bin Haji Hussain	Malaysian	-	-	-	-
Abdul Hadi bin Ahmad	Malaysian	-	-	-	-

Note:

- (1) *Deemed interested by virtue of his interest pursuant to Section 8 of the Act in Excel Logic Sdn Bhd arising from his interest in Suez Capital Sdn Bhd*

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

Name	Nationality / Place of incorporation	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Bumilex	Malaysia	2,550,000	51.0	-	-
Excel Logic	Malaysia	2,450,000	49.0	-	-

FURTHER INFORMATION ON EXCEL LOGIC

Excel Logic was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 13 July 2007 and is deemed registered under the Act. The principal activity of Excel Logic is investment holding.

As at the LPD, the issued share capital of Excel Logic is RM500,000 comprising 500,000 ordinary shares in Excel Logic.

The director of Excel Logic and his shareholding in Excel Logic as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Datuk Ter Leong Hing	Malaysian	-	-	287,500 ⁽¹⁾	57.5

Note:

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

As at the LPD, the shareholders of Excel Logic are as follows:

Name	Nationality / Place of incorporation	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Suez Capital	Malaysia	287,500	57.5	-	-
Sunsuria City (KL)	Malaysia	187,500	37.5	-	-
Ter Leong Boon	Malaysian	12,500	2.5	-	-
Ter Hong Khim @ Tai Foong Chin	Malaysian	12,500	2.5	-	-

SALIENT TERMS OF THE SSSA

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

1. Subscription of Shares

Subject to fulfilment of the conditions under paragraph 2.1 below and the terms of the SSSA, BHP Development shall allot and issue to Sunsuria 4,488,520 new BHP Development Shares ("**Subscription Shares**") representing 51.0% of the enlarged issued share capital of BHP Development at the issue price of RM1.88 per Subscription Share amounting to the BHP Development Subscription Consideration.

2. Conditions Precedent**2.1 Conditions Precedent**

Sunsuria's obligation to subscribe for the Subscription Shares are conditional upon the fulfilment of the following conditions precedent ("**Conditions Precedent**") within 4 months from the date of the SSSA with an automatic extension of 1 month or such other date as the parties may mutually agree in writing ("**Conditional Period**"):

2.1.1 Sunsuria having procured the necessary approval of its:

- (a) directors for the execution of the SSSA and the subscription of the Subscription Shares subject to terms and conditions of the SSSA; and
- (b) shareholders at a general meeting for the execution of the SSSA and the subscription of the Subscription Shares subject to the terms and conditions of the SSSA;

2.1.2 Sunsuria shall ensure that it obtains the approval of such banks and financial institutions (including AmBank (M) Berhad and United Overseas Bank (Malaysia) Berhad) who have existing banking and/or credit facilities with the Group in accordance with the terms of the financing arrangements or other facilities granted to the Group, if required;

2.1.3 the BHP Development Existing Shareholders and/or BHP Development having procured the written approval of such banks and financial institutions (including OCBC Bank (Malaysia) Berhad) who have existing banking and/or credit facilities with BHP Development, where the terms of such banking and/or credit facilities expressly require the prior approval of the bank or financial institution, as the case may be, for the implementation of any of the following matters:

- (a) change in the directors to cater for the appointment of the nominee(s) of Sunsuria on the board of directors of BHP Development ("**Board**");
- (b) change in the shareholdings of the shareholders in BHP Development as a result of allotment and subscription of the Subscription Shares by Sunsuria; and
- (c) the allotment and issuance of the Subscription Shares by BHP Development in favour of Sunsuria,

and Sunsuria being agreeable to any terms and conditions in such written approval, including corporate guarantee in proportion to the shareholdings of BHP Development;

SALIENT TERMS OF THE SSSA (CONT'D)

- 2.1.4 BHP Development obtaining the necessary approval of BHP Development's directors and the BHP Development Existing Shareholders for the allotment of the Subscription Shares by BHP Development in favour of Sunsuria;
- 2.1.5 the BHP Development Existing Shareholders having procured the written approval and/or consent from Dewan Bandaraya Kuala Lumpur and any relevant authorities in relation to the development on the Bangsar Land for the change in shareholdings of BHP Development as a result of the allotment and subscription of the Subscription Shares by Sunsuria, if required, and Sunsuria being agreeable to any terms and conditions in such written approval, if any, and/or the confirmation from BHP Development that no approval and/or consent from Dewan Bandaraya Kuala Lumpur and any other relevant authorities in relation to the development on the Bangsar Land is required; and
- 2.1.6 the conduct and completion of a legal, business (if required by Sunsuria) and financial due diligence exercise by Sunsuria on BHP Development and its assets in accordance with the SSSA, and the results of such exercise being satisfactory to Sunsuria;

2.2 Unconditional Date

The SSSA shall become unconditional on the date whereupon the last of the Conditions Precedent is duly obtained or fulfilled (or waived by the parties in writing, as the case may be) ("**Unconditional Date**").

2.3 Non-fulfilment of Conditions Precedent

In the event that any or all of the Conditions Precedent is/are not obtained or fulfilled (or waived in writing) by the parties on or before the Conditional Period, the parties shall:

- 2.3.1 firstly, discuss and mutually agree on an extension of the Conditional Period for the fulfilment of the Conditions Precedent for a period not exceeding 3 months or such other period as the parties may mutually agree;
- 2.3.2 secondly, if the unfulfilled Conditions Precedent are not fulfilled due to no fault of any parties, to the extent whether such Conditions Precedent can be waived pursuant to paragraph 2.4 below; and
- 2.3.3 thirdly, in the event the parties are not able to mutually agree on the matters set out in paragraphs 2.3.1 and 2.3.2 above within 30 days of the expiry of the Conditional Period, the SSSA shall be mutually 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.

2.4 Waiver of Conditions Precedent

- 2.4.1 The parties may mutually agree to waive in writing any Conditions Precedent (or condition attached thereto) at any time, save for the Condition Precedent under paragraph 2.1.6 above and such Conditions Precedent which is required under the laws and regulations. Any Conditions Precedent (and any conditions imposed by the relevant authorities and/or financial institutions) agreed to be mutually waived by the parties in writing will be deemed as a satisfaction or fulfilment of that Condition Precedent.
- 2.4.2 Despite the details of the Conditions Precedent set out in paragraph 2.1 above, if the relevant responding party (e.g. banks and financial institutions) validly notifies in writing that such approval is not required, then such Condition Precedent shall be deemed waived.

SALIENT TERMS OF THE SSSA (CONT'D)**2.5 Responsibility for Satisfaction**

An approval of a relevant authority or financier(s) will be deemed not to be granted and the relevant Condition Precedent will be deemed to be unfulfilled if such approval is subsequently withdrawn, suspended, amended, revoked or cancelled on or prior to the Effective Date (as defined in paragraph 3 below), unless otherwise agreed in writing by Sunsuria.

3. Effective Date

Effective date shall take place within 21 days from the Unconditional Date in accordance with the terms and conditions of the SSSA ("**Effective Date**").

4. Payment of BHP Development Subscription Consideration

On the Effective Date, in exchange for the completion documents set out in the SSSA, Sunsuria shall make payment of the BHP Development Subscription Consideration for the Subscription Shares to BHP Development.

5. Share Capital

On the Effective Date, BHP Development shall have an enlarged share capital of 8,801,020 BHP Development Shares and will be held by Suez Capital, Dasar Temasek, Sunsuria KL and Sunsuria (collectively, "**Shareholders**") in the following agreed proportions ("**Agreed Proportions**"), or such other proportions as may be agreed in writing between the Shareholders:

Shareholders	Total no. of BHP Development Shares held prior to allotment	Total Subscription Shares	Total no. BHP Development Shares held after allotment	Percentage of the enlarged shareholding of BHP Development
Suez Capital	1,859,250	-	1,859,250	21.1%
Dasar Temasek	297,000	-	297,000	3.4%
Sunsuria KL	2,156,250	-	2,156,250	24.5%
Sunsuria	-	4,488,520	4,488,520	51.0%
Total	4,312,500	4,488,520	8,801,020	100.0%

6. BHP Development and its Operations**6.1 Scope of the Business**

The business of BHP Development shall be the activities of undertaking the development on the Bangsar Land 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 SSSA.

6.2 Financial Requirements – General Principles

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

SALIENT TERMS OF THE SSSA (CONT'D)

6.2.2 The financial requirements of BHP Development can be met in either of the following manner which is to be approved by the Board:

- (a) the issuance of new BHP Development Shares or preference shares by BHP Development 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 BHP Development; or
- (c) by way of Shareholder's advances in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders.

6.2.3 Unless paragraph 6.2.2 above 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 BHP Development unless otherwise mutually agreed upon in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders.

6.3 BHP Development Existing Shareholders' Advances

The BHP Development Existing Shareholders have on 30 September 2020 advanced an aggregate sum of RM123,854,790.99 to BHP Development as follows:

6.3.1 RM79,441,241.18 from Suez Capital;

6.3.2 RM42,541,532.70 from Sunsuria KL; and

6.3.3 RM1,872,017.11 from Dasar Temasek,

(collectively, "**BHP Development Existing Shareholders' Advances**"). The BHP Development Existing Shareholders' Advances do not include any interest payable by BHP Development to the respective BHP Development Existing Shareholders for the advances contributed thereto.

6.4 Proportionate Adjustment of Shareholders' Advances

6.4.1 From the Effective Date:

- (a) Sunsuria shall advance to BHP Development an aggregate amount representing its 51% equity interest in BHP Development. In that respect, Sunsuria shall repay the BHP Development Existing Shareholders' Advances and/or contribute to the working capital of BHP Development gradually over the period of 12 months commencing from the month of the Effective Date against BHP Development's ongoing financial requirements and commitments subject to a minimum monthly payment of RM3,000,000.00 to BHP Development, with the last payment to be paid on the last day of the 12th month and the respective Shareholders' contribution to BHP Development'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 BHP Development, the Shareholders shall procure BHP Development to repay the surplus of any BHP Development Existing Shareholders' Advances so contributed by the BHP Development Existing Shareholders such that the Shareholders' advances is adjusted based on the Agreed Proportions; and

SALIENT TERMS OF THE SSSA (CONT'D)

- (c) Dasar Temasek shall not be obligated to provide the Shareholders' advances in accordance with the Agreed Proportions.
- 6.4.2 The BHP Development Existing Shareholders shall not be obligated to contribute to the working capital requirements of BHP Development until Sunsuria contributes (for repayment of then BHP Development Existing Shareholders' Advances and/or contribution to the working capital of BHP Development) up to the amount equivalent to its Agreed Proportions ("**Adjustment of Shareholders Advancement**").
- 6.4.3 When the Shareholders' contributions are expected to be adjusted in accordance with the Agreed Proportions in any particular month, then Sunsuria shall contribute accordingly as to achieve the Agreed Proportions, whereupon the Adjustment of Shareholders Advancement shall be deemed completed.
- 6.4.4 In the event Sunsuria has contributed such amount equivalent to its Agreed Proportions within the 12 months period set out in paragraph 6.4.1(a) above, and subject to the completion of the Adjustment of Shareholders Advancement, any additional working capital requirement of BHP Development shall be contributed by the Shareholders in accordance with their respective shareholdings in BHP Development.
- 6.4.5 Upon the completion of the Adjustment of Shareholders Advancement, all subsequent Shareholders' advances shall be made in accordance with the SSSA.
- 6.5 Updating the Existing Shareholders' Advances

The BHP Development Existing Shareholders' Advances shall be updated on the Effective Date, and to the extent that the BHP Development Existing Shareholders' Advances as stated in the SSSA shall differ from the actual amount contributed by the Shareholders on the Effective Date, the Shareholders agree that the contributions towards BHP Development's financial requirements shall reflect and include the adjustments to the BHP Development Existing Shareholders' Advances as of the Effective Date.

7. Dividends, Profits and Losses

- 7.1 Subject to making such appropriate provisions for reserves, capital commitment and working capital as the Board may decide and as are required by applicable law and subject to any relevant requirements of lenders of BHP Development, if any, net profit after tax in respect of any financial year will be distributed by way of dividends to the Shareholders.
- 7.2 Subject to paragraph 7.1 above, BHP Development may distribute final dividends in respect of each financial year, in such amount as the Board may recommend to the Shareholders provided always that the 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 Board for distribution of dividends.

8. Organization and Management**8.1 Members Meeting**

- 8.1.1 A meeting of the Shareholders ("**Members Meeting**") shall be subjected to a quorum in accordance with the SSSA, whether personally or proxy, at the time when the meeting proceeds.
- 8.1.2 The chairman of the Members Meeting shall not have a second vote in the event of an equality of votes.

SALIENT TERMS OF THE SSSA (CONT'D)

8.2 Votes and Decisions of the Shareholders

All resolutions of the Shareholders shall, unless otherwise required by any of the provisions of the SSSA or the Act, be carried on a poll by a simple majority of vote, save and except for the Shareholders' reserved matters stipulated in the SSSA, which require the affirmative votes of the Shareholders representing at least 75% of the total issued share capital of BHP Development.

8.3 Board Composition

8.3.1 Unless otherwise agreed to by the Shareholders in writing, the Board shall comprise of 5 natural persons of whom shall be appointed in the following manner:

- (a) 3 directors nominated by Sunsuria; and
- (b) 2 directors nominated by Suez Capital.

8.3.2 Dasar Temasek and Sunsuria KL shall not be entitled to board representation in BHP Development.

8.3.3 In respect of the chairman of the Board ("**Board Chairman**"):

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

8.3.4 The directors' remuneration shall be determined by the Shareholders.

8.3.5 The right to nominate and appoint directors of subsidiary and associate companies shall be consistent with paragraph 8.3.1 above.

8.4 Votes and Decisions of the Board

8.4.1 Each director shall be entitled to one vote at Board meetings. Questions arising at any meeting of the Board will be decided by a simple majority of votes of the directors present and voting at that meeting, save that any question arising in respect of a Board's reserved matters stipulated in the SSSA, which shall require affirmative votes of at least 1 director nominated by Sunsuria and 1 director nominated by Suez Capital, respectively.

8.4.2 All resolutions of the Board shall, save and except for the Board's reserved matters and unless otherwise required by any of the provisions of the SSSA or the Act, be passed by a simple majority of the directors present and entitled to vote.

SALIENT TERMS OF THE SSSA (CONT'D)

9. Transfer of Shares**9.1 Restriction on Transfers and Encumbrances**

Subject to paragraphs 9.3 and 9.4 below, and save and except with the other Shareholders' prior consent in writing or in accordance with the pre-emption procedure set out in paragraph 9.2 below, no Shareholder shall:

- 9.1.1 grant or permit to subsist any option over or any pledge, mortgage, charge (whether by way of fixed or floating charge) or otherwise encumber the legal and beneficial interest in any of its shares in BHP Development; or
- 9.1.2 sell, transfer, assign or otherwise dispose of or part with the beneficial ownership of any of its shares in BHP Development (or other legal or beneficial interest therein) to any third party; or
- 9.1.3 enter into any agreement with any entity that is not a party to the SSSA in respect of votes attached to the shares in BHP Development.

9.2 Pre-emptive Rights

9.2.1 No Shareholder shall sell, transfer or dispose or otherwise part with the beneficial ownership of all or any of its shares to any other person who is not an existing Shareholder of BHP Development without first making an offer by written notice ("**Offer Notice**") to the other Shareholder(s) ("**Offerees**"). The Shareholder making an offer to sell its shares shall be referred to as the "**Offeror**".

9.2.2 The Offer Notice shall set out the offer stating the:

- (a) number of shares being offered for sale which shall consist of all or any of its shares by the Offeror as of the date of the Offer Notice ("**Offer Shares**"); and
- (b) price offered by the Offeror for the Offer Shares ("**Offer Price**").

9.2.3 The Offer Notice shall be valid for 45 days from the date of the Offer Notice ("**Offer Period**").

9.2.4 If the Offeree accepts the offer, the sale shall be based on the transfer terms ("**Purchase Notice**").

9.2.5 If the Offeree decides to purchase the Offer Shares but disagrees with the Offer Price, then the Offeree shall give written notice of such its intent and unless the parties are able to agree on a mutually acceptable price within the Offer Period, the offer shall lapse.

9.2.6 If the Offerees (or any of them) are not willing to purchase the Offer Shares or the Offeror and the Offerees (or any of them) are unable to agree on the price of the Offer Shares, the Offeror shall be entitled for the next 45 days immediately after the lapse of the Offer Notice ("**Third Party Offer Period**") in good faith, to sell and transfer the Offer Shares to a bona fide third party ("**Third Party Buyer**") at a price which is not less than the Offer Price and upon terms and conditions not more favourable than those offered to the Offerees.

9.2.7 If the Offeror is unable to identify a potential Third Party Buyer or to complete the sale and transfer of the Offer Shares with the Third Party Buyer after the expiry of the Third Party Offer Period, the Offeror shall be entitled after a lapse of 6 month-period repeat the offer process referred to above.

SALIENT TERMS OF THE SSSA (CONT'D)

9.2.8 Any purchase of the Offer Shares shall be based on the transfer terms and be completed within 45 days (or such other date as the Shareholders may mutually agree in writing) from the date of acceptance of the Purchase Notice, or as the case may be, the date of the approval of the relevant authorities having been obtained (if any).

9.2.9 In the event any Shareholder shall receive any unsolicited offers from third parties to purchase any shares in BHP Development, such offers shall be disclosed to the other Shareholders within 7 days of receipt of such offer and the same shall be dealt with in the same manner as this paragraph 9.2.

9.3 Exclusion of Pre-emptive Rights

The pre-emption procedure specified in paragraph 9.2 above shall not apply to any transfer of shares effected:

9.3.1 between a Shareholder and its related corporation ("**Permitted Transferee**") or among Permitted Transferee of the Shareholder; and

9.3.2 among the BHP Development Existing Shareholders pursuant to such internal shareholding reorganisation.

9.4 Conditions of Transfer

If any transfer of shares in BHP Development under or pursuant to the provisions of this paragraph 9 is subjected to the prior written approval of the relevant authorities and/or financial institutions (including OCBC Bank (Malaysia) Berhad) who have existing banking and/or credit facilities with BHP Development, if required, having been obtained ("**Transfer Approval**"), then in such case the Offeror shall ensure that the Transfer Approval shall be a condition precedent to the sale and purchase agreement for the Offer Shares ("**Offer Shares SPA**") and the Offeror shall within the period ascribed in the Offer Shares SPA, apply for and obtain the Transfer Approval.

9.5 Tag-Along Rights

Subject to paragraph 9.2 above, if an Offeror proposes to sell at least 20% of the total issued share capital of BHP Development to a Third Party Buyer, then each Offeree ("**Tag-Along Offeree(s)**") shall have the right to require that the Offeror cause the Third Party Buyer to purchase the Tag-Along Offeree(s)' shares in BHP Development which is up to the proportion of shares owned and proposed to be sold by the Offeror ("**Tag-Along Shares**") along with the Offer Shares ("**Tag-Along Right**"), at the same price and upon the same terms and conditions as are contained in the offer to the Third Party Buyer, provided that:

9.5.1 **Exercise Period:** If any Tag-Along Offeree(s) wishes to exercise the Tag-Along Right he must, within the period of the Offer Notice, deliver a notice to the Offeror setting forth his intention to exercise the Tag-Along Right.

9.5.2 **Effect of Exercise of Tag-Along Right:** The exercise by any Tag-Along Offeree(s) of the Tag-Along Right shall constitute an irrevocable offer by such remaining Shareholders to sell his Tag-Along Shares to the Third Party Buyer at the same price and upon the same terms and conditions as are contained in the offer to the Third Party Buyer.

9.5.3 **The Offeror to Request Acceptance of Tag Along Offer:** If any Offeree(s) exercises the Tag-Along Right, the Offeror shall request that the Third Party Buyer to deliver to the Tag-Along Offeree(s) a Notice accepting the offer by the Tag-Along Offeree(s) to sell his Tag-Along Shares. If the Third Party Buyer refuses, declines or otherwise fails to accept such offer, the Offeror shall not be permitted to sell and the Third Party Buyer shall not be permitted to purchase the Offer Shares.

SALIENT TERMS OF THE SSSA (CONT'D)

9.5.4 **Terms of Purchase and Sale:** The sale and purchase of the Tag-Along Shares shall be completed at the price and on the terms and conditions set forth in the offer to the Third Party Buyer.

10. Termination10.1 Termination

The SSSA 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:

10.1.1 the Shareholders agree in writing to terminate the SSSA;

10.1.2 all of the shares become beneficially owned by any one Shareholder; or

10.1.3 BHP Development goes into liquidation whether voluntary or compulsory (other than for the purpose of an amalgamation or reconstruction approved by all the Shareholders).

10.2 Default

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

10.2.1 the Defaulting Shareholder presents a petition or has a petition presented by a creditor for its winding up that is not withdrawn within 2 months;

10.2.2 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 SSSA are assumed by a successor corporation);

10.2.3 the Defaulting Shareholder calls a meeting of its creditors or has a receiver or administrator appointed over all or substantially all of its undertaking or assets and such receiver or administrator is not discharged within 2 months as of his appointment; or

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

10.3 Consequences of Termination

The termination of the SSSA however caused and the ceasing by any Shareholder to hold any BHP Development Share shall be without prejudice to any obligations or rights of any of the Shareholders hereto which have accrued prior to such termination or cessation of the Shareholder in holding the shares and shall not affect any provision of the SSSA which is expressly or by implication provided to come into effect on or to continue in effect after such termination or cessation.

11. Indemnity

Each party shall indemnify and hold the other party harmless from and against any losses suffered or paid by that other party, directly, as a result of or relating to or in respect of any misrepresentation of the matters or breach of any obligations, representation or warranty given by the party in the SSSA.

SALIENT TERMS OF THE SSPA

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

1. Agreement to Purchase

Subject to the terms of the SSPA, the Vendors as the registered, legal and beneficial owners of 100,000 Bumilex Shares ("**Sale Shares**") representing 100% equity interest in Bumilex, agree to sell and Sunsuria agrees to purchase and accept the transfer of the Sale Shares from the Vendors for the Bumilex Purchase Consideration payable to each of the Vendors in equal proportions based on the Bumilex Group's audited net liability position as at 31 December 2019.

2. Conditions Precedent

2.1 The parties agree that the obligations of Sunsuria to purchase the Sale Shares under the SSPA are conditional upon the fulfilment of the following conditions precedent ("**Conditions Precedent**") within 4 months from the date of the SSPA with an automatic extension of 1 month or such other date as the parties may mutually agree in writing ("**Conditional Period**"):

2.1.1 Sunsuria having procured the necessary approval of its:

- (a) directors for the execution of the SSPA and the purchase of the Sale Shares subject to the terms and conditions of the SSPA; and
- (b) shareholders at a general meeting to be convened for the execution of the SSPA and the purchase of the Sale Shares subject to the terms and conditions of the SSPA;

2.1.2 the Vendors having procured the board of directors' resolutions and if required, the members' resolution of Bumilex, approving the following:

- (a) the transfer of the Sale Shares to Sunsuria in accordance with the terms and subject to the conditions of the SSPA;
- (b) the issue of new share certificates in respect of the Sale Shares in favour of Sunsuria; and
- (c) the entering into the register of members of Bumilex, the name of Sunsuria, as the holder of the Sale Shares;

2.1.3 the written approval of UKAS, JPM for the change in the shareholder of Bumilex as a result of the sale of the Sale Shares to Sunsuria which approval shall be in substance and upon terms and conditions satisfactory to the parties;

2.1.4 the written approval from DBKL extending the validity period under the development order for Montflex to undertake the development of the TAR Land, if required;

2.1.5 the conduct and completion of a legal, business (if required by Sunsuria) and financial due diligence exercise by Sunsuria on Bumilex and its assets in accordance with the SSPA, and the results of such exercise being satisfactory to Sunsuria;

2.1.6 the approval of such banks and financial institutions (including OCBC Bank (Malaysia) Berhad) who have existing banking and/or credit facilities with Montflex in accordance with the terms of the financing arrangements or other facilities granted to Montflex, if required; and

SALIENT TERMS OF THE SSPA (CONT'D)

2.1.7 Sunsuria shall ensure that it obtains the approval of such banks and financial institutions (including AmBank (M) Berhad and United Overseas Bank (Malaysia) Berhad) who have existing banking and/or credit facilities with the Group in accordance with the terms of the financing arrangements or other facilities granted to the Group, if required.

2.2 Unconditional Date

The SSPA shall become unconditional on the date whereupon the last of the Conditions Precedent is duly obtained or fulfilled (or waived by the parties in writing, as the case may be) ("**Unconditional Date**").

2.3 Non-fulfilment of Conditions Precedent

In the event that any or all of the Conditions Precedent is/are not obtained or fulfilled (or waived in writing) by the parties on or before the Conditional Period, the parties shall:

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

2.3.2 secondly, if the unfulfilled Conditions Precedent are not fulfilled due to no fault of any parties, to the extent whether such Conditions Precedent can be waived pursuant to paragraph 2.4 below; and

2.3.3 thirdly, in the event the parties are not able to mutually agree on the matters set out in paragraphs 2.3.1 and 2.3.2 above within 30 days of the expiry of the Conditional Period, the SSPA shall be mutually 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.

2.4 Waiver of Conditions Precedent

2.4.1 The parties may mutually agree to waive in writing any Conditions Precedent (or condition attached thereto) at any time, save for the Condition Precedent under paragraph 2.1.5 above and such Condition Precedent which is required under the laws and regulations. Any Conditions Precedent agreed to be mutually waived by the parties in writing will be deemed as a fulfilment of that Condition Precedent.

2.4.2 Despite the details of the Conditions Precedent set out in paragraph 2.1 above, if the relevant responding party (e.g. banks and financial institutions) validly notifies in writing that such approval is not required, then such Condition Precedent shall be deemed waived.

2.5 Responsibility for Satisfaction

An approval of a relevant authority under paragraph 2.1 above or financier(s) will be deemed not to be granted and the relevant Condition Precedent will be deemed to be unfulfilled if such approval is subsequently withdrawn, suspended, amended, revoked or cancelled on or prior to the Completion Date (as defined in paragraph 3.1 below), unless otherwise agreed in writing by Sunsuria.

3. Completion

3.1 Completion shall take place within 21 days from the Unconditional Date in accordance with the terms and conditions of the SSPA ("**Completion Date**").

SALIENT TERMS OF THE SSPA (CONT'D)

3.2 On the Completion Date, in exchange of the Bumilex Purchase Consideration, the Vendors shall deliver or cause or procure to be delivered to Sunsuria, amongst others, the following documents:

3.2.1 the duly executed Montflex SHA;

3.2.2 the written waiver of liabilities amounting to RM2,490,000.00 from the following creditors of Bumilex on the amount set out below:

No.	Creditors	Amount the be waived
(i)	Sunsuria City (KL)	RM504,225.00
(ii)	Suez Capital Sdn Bhd	RM922,545.00
(iii)	Ter Leong Boon	RM33,615.00
(iv)	Ter Hong Khim @ Tai Foong Chin	RM33,615.00
(v)	Excel Logic Sdn Bhd	RM996,000.00
	Total	RM2,490,000.00

3.2.3 the written waiver of liabilities amounting to RM3,530,000.00 from the creditors of Montflex on the amount set out below:

No.	Creditors	Amount the be waived
(i)	Sunsuria City (KL)	RM1,323,749.90
(ii)	Suez Capital Sdn Bhd	RM2,029,750.01
(iii)	Ter Leong Boon	RM88,250.04
(iv)	Ter Hong Khim @ Tai Foong Chin	RM88,250.04
	Total	RM3,530,000.00

4. Representations, Warranties and Undertakings

The Vendors undertake to observe and shall procure Bumilex and Montflex to observe from the date of the SSPA until the Completion Date, the covenants set out in the SSPA.

5. Indemnity

Each party shall indemnify and hold the other party harmless from and against any losses suffered or paid by that other party, directly, as a result of or relating to or in respect of any misrepresentation of the matters or breach of any obligations, representation or warranty given by the party in the SSPA.

6. Termination

6.1 Event of Default

A party shall be in default (“Defaulting Person”) under the SSPA, if any of the following events shall have occurred:

6.1.1 the commencement against a Defaulting Person of any litigation proceeding under any applicable bankruptcy or insolvency law or the approval of a Defaulting Person is granted for the commencement of any such proceeding against it, and such Defaulting Person fails, omits, refuses and/or neglects to settle the proceedings within 14 days of service or deemed service on it of documentary evidence of the commencement of such proceedings;

SALIENT TERMS OF THE SSPA (CONT'D)

- 6.1.2 the acquisition, pursuant to court order or otherwise, by a creditor of a Defaulting Person of any rights with respect to such Defaulting Person's assets, benefits or entitlements if such acquisition shall continue undischarged for a period of 14 days and such Defaulting Person shall not have instituted and diligently prosecuted the necessary legal proceedings for the rescission or discharge of such acquisition; or
- 6.1.3 the appointment of receivers, managers and/or liquidators over the business, assets or undertaking of any of the Defaulting Person; or
- 6.1.4 in respect of any of the Vendors:
 - (a) the breach by the Defaulting Person of any of its representations, warranties and undertakings in the SSPA; or
 - (b) failure to deliver or procure the delivery of any of the completion documents in accordance with paragraph 3.2 above;
- 6.1.5 in respect of Sunsuria, the breach by the Defaulting Person of any of its obligations and/or representations and warranties in the SSPA.

In the case of a default or breach which is capable of being remedied, by notice in writing to the Defaulting Person requiring the Defaulting Person to rectify such default or breach and if the Defaulting Person shall fail to remedy such default or breach within 14 days after receipt of such notice or such longer period as specified in the notice having regard to the nature of the breach, the non-defaulting party may thereupon by notice forthwith terminate the SSPA in which event paragraph 6.2 below shall take effect.

6.2 Consequences of Default

- 6.2.1 In the instance of any of the Vendors being the Defaulting Person, then Sunsuria shall be entitled to the following:
 - (a) the remedy of specific performance against the Vendors and to all reliefs flowing therefrom; or
 - (b) to forthwith terminate the SSPA by notice in writing to the Vendors and further without prejudice to Sunsuria's right to initiate legal proceedings against the Vendors for damages and losses sustained by Sunsuria arising from the breach of the Vendors.
 - 6.2.2 In the instance of Sunsuria being the Defaulting Person, then the Vendors shall be entitled to forthwith terminate the SSPA as against Sunsuria by notice in writing to Sunsuria and further without prejudice to the Vendors' right to initiate legal proceedings against Sunsuria for damages and losses sustained by the Vendors arising from the breach of Sunsuria.
- 6.3 The SSPA shall remain in force and binding upon the parties until all the transactions contemplated by the SSPA are completed or where the SSPA is terminated in accordance with the provisions of the SSPA.

SALIENT TERMS OF THE MONTFLEX SHA

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

1. Introduction

- 1.1 As at the date of the Montflex SHA, the shareholding of the ordinary shares in Montflex is held by Bumilex and Excel Logic (collectively, “**Shareholders**”) in the following agreed proportion (“**Agreed Proportions**”):

Shareholder	Number of Shares	Percentage of Shares (Voting)
Bumilex	2,550,000	51.0%
Excel Logic	2,450,000	49.0%

- 1.2 Pursuant to the SSPA, the Vendors have disposed to Sunsuria as the purchaser all of the shareholding in Bumilex upon the terms and conditions set out in the SSPA.
- 1.3 On the completion date of the SSPA (“**Completion Date**”), Sunsuria shall be the sole shareholder of Bumilex and holds as an indirect 51.0% equity interest in Montflex. Montflex shall on the Completion Date be deemed as a subsidiary of Sunsuria.

2. Effective Date

The Montflex SHA shall take effect immediately on the Completion Date (“**Effective Date**”).

3. Montflex and its Operations**3.1 Business of Montflex**

The business of Montflex shall be the activities of undertaking property development including undertaking the development of the TAR Land 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 Montflex SHA.

3.2 Financial Requirements – General Principles

- 3.2.1 The Shareholders mutually agree that Montflex shall use its best efforts to raise all the necessary funding required for the purpose of Montflex’s operation and to achieve its business objectives as and when required.
- 3.2.2 The financial requirements of Montflex can be met in either of the following manner which is to be approved by the board of directors of Montflex (“**Board**”):
- (a) the issuance of new ordinary shares or preference shares by Montflex 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 Montflex; or
 - (c) by way of Shareholder’s advances in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders.

SALIENT TERMS OF THE MONTFLEX SHA (CONT'D)

3.2.3 Unless paragraph 3.2.2 above 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 Montflex unless otherwise mutually agreed upon in the Agreed Proportions or such other proportions as may be agreed in writing between the Shareholders.

3.3 Excel Logic Shareholders' Advances

3.3.1 The Excel Logic Shareholders have on 30 September 2020 advanced an aggregate sum of RM28,402,785.60 to Montflex as follows:

- (a) RM710,069.88 from Ter Leong Boon;
- (b) RM710,069.88 from Ter Hong Khim @ Tai Foong Chin;
- (c) RM16,331,601.74 from Suez Capital; and
- (d) RM10,651,044.10 from Sunsuria City (KL)

(collectively, "**Excel Logic Shareholders' Advances**"). The Excel Logic Shareholders' Advances do not include any interest payable by Montflex to the respective Excel Logic Shareholders for the advances contributed thereto.

3.3.2 On the Effective Date, Excel Logic Shareholders shall partially write off a portion of the Excel Logic Shareholders' Advances equivalent to RM3,530,000.00 and the Excel Logic Shareholders' Advances shall be adjusted to RM24,872,785.60 ("**Adjusted Excel Logic Shareholders' Advances**") as follows:

Excel Logic Shareholders	Amount to write-off	Adjusted Excel Logic Shareholders' Advances as at Effective Date
Ter Leong Boon	RM88,250.04	RM621,819.84
Ter Hong Khim @ Tai Foong Chin	RM88,250.04	RM621,819.84
Suez Capital	RM2,029,750.01	RM14,301,851.73
Sunsuria City (KL)	RM1,323,749.90	RM9,327,294.20
TOTAL	RM3,530,000.00	RM24,872,785.60

3.4 Proportionate Adjustment of Shareholders' Advances

3.4.1 From the Effective Date:

- (a) Bumilex shall advance to Montflex an aggregate amount representing its 51.0% equity interest in Montflex. In that respect, Bumilex shall repay the Excel Logic Shareholders' Advances and/or contribute to the working capital of Montflex gradually over the period of 18 months commencing from the month of the Effective Date against Montflex's ongoing financial requirements and commitments subject to a minimum monthly payment of RM700,000.00 to Montflex, with the last payment to be paid on the last day of the 18th month whereby Excel Logic (pursuant to the Adjusted Excel Logic Shareholders' Advances) and Bumilex's contribution to Montflex's financial requirements shall be adjusted in accordance with the Agreed Proportions; and

SALIENT TERMS OF THE MONTFLEX SHA (CONT'D)

- (b) subject to making such appropriate provisions for reserves, capital commitment and working capital of Montflex, the Shareholders shall procure Montflex to repay the surplus of any Adjusted Excel Logic Shareholders' Advances so contributed by the Excel Logic Shareholders such that the Shareholders' advances is adjusted based on the Agreed Proportions.
- 3.4.2 The Excel Logic Shareholders and/or Excel Logic shall not be obligated to contribute to the working capital requirements of Montflex until Bumilex contributes (for repayment of then Excel Logic Shareholders' Advances and/or contribution to the working capital of Montflex) up to the amount equivalent to its Agreed Proportions ("**Adjustment of Shareholders Advancement**").
- 3.4.3 When the shareholders' contributions are expected to be adjusted in accordance with the Agreed Proportions in any particular month, then Bumilex shall contribute accordingly as to achieve the Agreed Proportions, whereupon the Adjustment of Shareholders Advancement shall be deemed completed.
- 3.4.4 In the event Bumilex has contributed such amount equivalent to its Agreed Proportions within the 18 months period set out in paragraph 3.4.1(a) above, and subject to the completion of the Adjustment of Shareholders Advancement, any additional working capital requirement of Montflex shall be contributed by the Shareholders in accordance with their respective shareholdings in Montflex.
- 3.4.5 Upon the completion of the Adjustment of Shareholders Advancement, all subsequent Shareholders' advances shall be made in accordance with the Montflex SHA.
- 3.5 Updating the Excel Logic Shareholders' Advances

The Excel Logic Shareholders' Advances and the Adjusted Excel Logic Shareholders' Advances shall be updated on the Effective Date, and to the extent that the Excel Logic Shareholders' Advances and/or the Adjusted Excel Logic Shareholders' Advances as stated in the Montflex SHA shall differ from the actual amount contributed by the Excel Logic Shareholders on the Effective Date, the Shareholders agree that the contributions towards Montflex's financial requirements shall reflect and include the adjustments to the Excel Logic Shareholders' Advances and the Adjusted Excel Logic Shareholders' Advances as of the Effective Date.

4. Dividends, Profits and Losses

- 4.1 Subject to making such appropriate provisions for reserves, capital commitment and working capital as the Board may decide and as are required by applicable law and subject to any relevant requirements of lenders of Montflex, 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 paragraph 4.1 above, Montflex may distribute final dividends in respect of each financial year, in such amount as the Board may recommend to the Shareholders provided always that the 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 Board for distribution of dividends.

SALIENT TERMS OF THE MONTFLEX SHA (CONT'D)

5. Organization and Management**5.1 Members Meeting**

5.1.1 A meeting of the Shareholders ("**Members Meeting**") shall be subjected to a quorum in accordance with the Montflex SHA, whether personally or proxy, at the time when the meeting proceeds.

5.1.2 The chairman of the Members Meeting shall not have a second vote in the event of an equality of votes.

5.2 Votes and Decisions of the Shareholders

All resolutions of the Shareholders shall, unless otherwise required by any of the provisions of the Montflex SHA or the Act, be carried on a poll by a simple majority of vote, save and except for the Shareholders' reserved matters stipulated in the Montflex SHA, which require the affirmative votes of the Shareholders' representing at least 75% of the total issued shares of Montflex.

5.3 Board Composition

5.3.1 Unless otherwise agreed to by the Shareholders in writing, the Board shall comprise of 5 natural persons of whom shall be appointed in the following manner:

- (a) 3 directors nominated by Bumilex; and
- (b) 2 directors nominated by Excel Logic.

5.3.2 In respect of the chairman of the Board ("**Board Chairman**"):

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

5.3.3 The directors' remuneration shall be determined by the Shareholders.

5.3.4 The right to nominate and appoint directors of subsidiary and associate companies shall be consistent with paragraph 5.3.1 above.

5.4 Votes and Decisions of the Board

5.4.1 Each director shall be entitled to one vote at Board meetings. Questions arising at any meeting of the Board will be decided by a simple majority of votes of the directors present and voting at that meeting, save that any question arising in respect of a Board's reserved matters stipulated in the Montflex SHA, which shall require affirmative votes of at least 1 director nominated by Bumilex and 1 director nominated by Excel Logic, respectively.

5.4.2 All resolutions of the Board shall, save and except for the Board's reserved matters and unless otherwise required by any of the provisions of the Montflex SHA or the Act, be passed by a simple majority of the directors present and entitled to vote.

SALIENT TERMS OF THE MONTFLEX SHA (CONT'D)

6. Transfer of Shares**6.1 Restriction on Transfers and Encumbrances**

Subject to paragraphs 6.3 and 6.4 below, and save and except with the other Shareholders' prior consent in writing or in accordance with the pre-emption procedure set out in paragraph 6.2 below, no Shareholder shall:

- 6.1.1 grant or permit to subsist any option over or any pledge, mortgage, charge (whether by way of fixed or floating charge) or otherwise encumber the legal and beneficial interest in any of its shares in Montflex; or
- 6.1.2 sell, transfer, assign or otherwise dispose of or part with the beneficial ownership of any of its shares in Montflex (or other legal or beneficial interest therein) to any third party; or
- 6.1.3 enter into any agreement with any entity that is not a party to the Montflex SHA in respect of votes attached to the shares in Montflex.

6.2 Pre-emptive Rights

- 6.2.1 No Shareholder shall sell, transfer or dispose or otherwise part with the beneficial ownership of all or any of its shares to any other person who is not an existing shareholder of Montflex without first making an offer by written notice ("**Offer Notice**") to the other Shareholder(s) ("**Offerees**"). The Shareholder making an offer to sell its shares shall be referred to as the "Offeror".
- 6.2.2 The Offer Notice shall set out the offer stating the:
 - (a) number of shares being offered for sale which shall consist of all or any of its shares by the Offeror as of the date of the Offer Notice ("**Offer Shares**"); and
 - (b) price offered by the Offeror for the Offer Shares ("**Offer Price**").
- 6.2.3 The Offer Notice shall be valid for 45 days from the date of the Offer Notice ("**Offer Period**").
- 6.2.4 If the Offeree accepts the offer, the sale shall be based on the transfer terms ("**Purchase Notice**").
- 6.2.5 If the Offeree decides to purchase the Offer Shares but disagrees with the Offer Price, then the Offeree shall give written notice of such its intent and unless the parties are able to agree on a mutually acceptable price within the Offer Period, the offer shall lapse.
- 6.2.6 If the Offerees (or any of them) are not willing to purchase the Offer Shares or the Offeror and the Offerees (or any of them) are unable to agree on the price of the Offer Shares, the Offeror shall be entitled for the next 45 days immediately after the lapse of the Offer Notice ("**Third Party Offer Period**") in good faith, to sell and transfer the Offer Shares to a bona fide third party ("**Third Party Buyer**") at a price which is not less than the Offer Price and upon terms and conditions not more favourable than those offered to the Offerees.
- 6.2.7 If the Offeror is unable to identify a potential Third Party Buyer or to complete the sale and transfer of the Offer Shares with the Third Party Buyer after the expiry of the Third Party Offer Period, the Offeror shall be entitled after a lapse of 6 month-period repeat the offer process referred to above.

SALIENT TERMS OF THE MONTFLEX SHA (CONT'D)

6.2.8 Any purchase of the Offer Shares shall be based on the transfer terms and be completed within 45 days (or such other date as the Shareholders may mutually agree in writing) from the date of acceptance of the Purchase Notice, or as the case may be, the date of the approval of the relevant authorities having been obtained (if any).

6.2.9 In the event any Shareholder shall receive any unsolicited offers from third parties to purchase any shares in Montflex, such offers shall be disclosed to the other Shareholders 7 days of receipt of such offer and the same shall be dealt with in the same manner as this paragraph 6.2.

6.3 Exclusion of Pre-emptive Rights

The pre-emption procedure specified in paragraph 6.2 above shall not apply to any transfer of shares effected between a Shareholder and its related corporation ("**Permitted Transferee**") or among Permitted Transferees of the shareholder.

6.4 Conditions of Transfer

Any transfer of shares in Montflex under or pursuant to the provisions of this paragraph 6 shall be subject to the prior written approval of the relevant authorities and or such banks and financial institutions who have existing banking and/or credit facilities with Montflex, if required, having been obtained ("**Transfer Approval**") where required. In such case, the Offeror shall ensure that the Transfer Approval shall be a condition precedent to the sale and purchase agreement for the Offer Shares ("**Offer Shares SPA**"). The Offeror shall within the period ascribed in the Offer Shares SPA, apply for and obtain the Transfer Approval and if the Offeror does not or fails to obtain the Transfer Approval within such period, then the Offer Shares SPA shall forthwith be terminated.

6.5 Tag-Along Rights

Subject to paragraph 6.2 above, if an Offeror proposes to sell at least 20% of the total issued share capital of Montflex to a Third Party Buyer, then each Offeree ("**Tag-Along Offeree(s)**") shall have the right to require that the Offeror cause the Third Party Buyer to purchase the Tag-Along Offeree(s)' shares in Montflex which is up to the proportion of shares owned and proposed to be sold by the Offeror ("**Tag-Along Shares**") along with the Offer Shares ("**Tag-Along Right**"), at the same price and upon the same terms and conditions as are contained in the offer to the Third Party Buyer, provided that:

6.5.1 **Exercise Period:** If any Tag-Along Offeree(s) wishes to exercise the Tag-Along Right he must, within the period of the Offer Notice, deliver a notice to the Offeror setting forth his intention to exercise the Tag-Along Right.

6.5.2 **Effect of Exercise of Tag-Along Right:** The exercise by any Tag-Along Offeree(s) of the Tag-Along Right shall constitute an irrevocable offer by such remaining Shareholders to sell his Tag-Along Shares to the Third Party Buyer at the same price and upon the same terms and conditions as are contained in the offer to the Third Party Buyer.

6.5.3 **The Offeror to Request Acceptance of Tag Along Offer:** If any Offeree(s) exercises the Tag-Along Right, the Offeror shall request that the Third Party Buyer to deliver to the Tag-Along Offeree(s) a notice accepting the offer by the Tag-Along Offeree(s) to sell his Tag-Along Shares. If the Third Party Buyer refuses, declines or otherwise fails to accept such offer, the Offeror shall not be permitted to sell and the Third Party Buyer shall not be permitted to purchase the Offer Shares.

6.5.4 **Terms of Purchase and Sale:** The sale and purchase of the Tag-Along Shares shall be completed at the price and on the terms and conditions set forth in the offer to the Third Party Buyer.

SALIENT TERMS OF THE MONTFLEX SHA (CONT'D)

7. Termination**7.1 Termination**

The Montflex 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 Montflex SHA;
- 7.1.2 all of the shares become beneficially owned by any one Shareholder; or
- 7.1.3 Montflex 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 ("**Defaulting Shareholder**") shall be in default under the Montflex SHA, if any of the following events shall have occurred:

- 7.2.1 the Defaulting Shareholder presents a petition or has a petition presented by a creditor for its winding up that is not withdrawn within 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 Montflex SHA are assumed by a successor corporation);
- 7.2.3 the Defaulting Shareholder calls a meeting of its creditors or has a receiver or administrator appointed over all or substantially all of its undertaking or assets and such receiver or administrator is not discharged within 2 months as of his appointment; or
- 7.2.4 the Defaulting Shareholder materially breaches its obligations under the Montflex SHA and, if such breach is capable of remedy, fails to remedy the breach within 30 days of being specifically required in writing to do so by a non-defaulting Shareholder.

7.3 Consequences of Termination

The termination of the Montflex SHA however caused and the ceasing by any Shareholder to hold any ordinary shares in Montflex shall be without prejudice to any obligations or rights of any of the Shareholders hereto which have accrued prior to such termination or cessation of the Shareholder in holding the shares and shall not affect any provision of the Montflex SHA which is expressly or by implication provided to come into effect on or to continue in effect after such termination or cessation.

8. Indemnity

Each party shall indemnify and hold the other party harmless from and against any losses suffered or paid by that other party, directly, as a result of or relating to or in respect of any misrepresentation of the matters or breach of any obligations, representation or warranty given by the party in the Montflex SHA.

SALIENT TERMS OF THE JVA

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

1. Agreement to Develop

- 1.1 Montflex undertakes to develop the TAR Land at its own risk, cost and expense.
- 1.2 Montflex shall:
- 1.2.1 develop the TAR Land in accordance with the development order and the approved plan ("**Project**");
 - 1.2.2 carry out and complete the Project within the Development Period (as defined in paragraph 10.1 below);
 - 1.2.3 develop the infrastructure to serve the Project; and
 - 1.2.4 provide the technical knowledge, skills, expertise, consultancy and such other services including overall management and sales. Montflex, with prior written notification to Datuk Bandar, may engage a consultant to ensure the progress and due completion of the Project.
- 1.3 Where the property market factors or conditions render it appropriate or expedient, Montflex shall apply to Datuk Bandar for an approval to amend, modify or vary the component of the Project, the sale prices, the Construction Commencement Date (as defined in paragraph 9.1 below) and the construction completion date as set out in the JVA ("**Construction Completion Date**"). Montflex and Datuk Bandar (collectively, "**Parties**") shall re-negotiate in good faith with the view of agreeing to the proposed changes, failing which, the existing terms shall be applicable.

2. Consideration

- 2.1 In consideration of Datuk Bandar agreeing to allow Montflex to develop the Project on the TAR Land, the Parties agree the total amount of consideration for the JVA shall be RM87,834,104.25 which comprises the following:
- 2.1.1 RM70,845,000.00 being the agreed project land value ("**Project Land Value**") to be paid by Montflex to Datuk Bandar in accordance with the schedule of payment of the Project Land Value as set out in the JVA;
 - 2.1.2 RM8,000,000.00 being the agreed minimum guaranteed profit to be paid to Datuk Bandar for the Project as calculated in accordance with the formula as set out in the JVA ("**Minimum Guaranteed Profit**"); and
 - 2.1.3 RM8,989,104.25 being the agreed value of the piling cost for the Project.
- 2.2 The amount referred to in paragraphs 2.1.2 and 2.1.3 above, which is a total sum of RM16,989,104.25, shall be paid in the following manner:
- 2.2.1 RM15,437,000.00 to be satisfied by way of planning, design, construction, interior design works, landscaping, equipping, installing, completion, testing and commissioning of 4 food court units measuring approximately 23,640 square feet located in the Development Units (as defined in paragraph 3.1 below) ("**Datuk Bandar's Units**"); and

SALIENT TERMS OF THE JVA (CONT'D)

2.2.2 RM1,552,104.25 as cash consideration to be paid by Montflex to Datuk Bandar after 5 October 2017¹, being the date of the written notice issued by Datuk Bandar to Montflex to confirm the date of the fulfilment of the conditions precedent ("**Effective Date**"), but prior to the Construction Commencement Date (as defined in paragraph 9.1 below).

3. Option to Purchase

3.1 Montflex shall, before the launching of any sale of the development units relating to the Project ("**Development Units**"), notify Datuk Bandar of the same not later than 3 months prior to such launching date.

3.2 Upon receiving such notification, Datuk Bandar shall have the option to purchase the Development Units at a discount of 10% of the public sale price of such units by notifying Montflex in writing not later than 1 month prior to such launching date.

4. Obligations of Datuk Bandar

4.1 Datuk Bandar or its authorised representatives shall, within 14 days from the date of receipt of all proper and necessary applications, sign the plans and submission relating to the Project prepared by Montflex which require the signature of Datuk Bandar in its capacity as the registered proprietor of the TAR Land, provided always that Montflex has fulfilled all necessary legal and statutory requirements for such application and submission.

4.2 Datuk Bandar may assist and do all such acts in its capacity as the registered proprietor of the TAR Land in respect of the Project provided always that Montflex shall have fulfilled all the relevant legal and statutory requirements.

5. Obligations of Montflex

5.1 Montflex shall make all necessary applications to the relevant authority in respect of the Project and shall comply with all terms and conditions imposed by any such application and in particular, to:

5.1.1 prepare all necessary applications for the surrender and re-alienation, amalgamation or subdivision (as the case may be) of the TAR Land; and

5.1.2 prepare, submit to and obtain from the relevant authority approval of the layout plan and building plans. Montflex shall deposit with Datuk Bandar certified true copies of the approved plan with Datuk Bandar within 14 days of the approvals.

5.2 Montflex shall:

5.2.1 at its own cost and expense, design, construct, test, commission and complete the Project in accordance with the approved plan;

5.2.2 bear all costs and expenses relating to the Project; and

5.2.3 settle all debts, money and payment owing and payable to any person, firm or company in connection with the Project,

and such costs shall form part of the total costs of the Project, estimate of which can be found in the JVA ("**Gross Development Cost**").

¹ Pursuant to the letter dated 5 October 2017 issued by DBKL to Montflex confirming that the conditions under Clause 2.1 of the JVA have been fulfilled and the Effective Date shall be on 5 October 2017.

SALIENT TERMS OF THE JVA (CONT'D)

5.3 Montflex shall, within 1 month after the end of each quarter of the year submit to Datuk Bandar a copy of the management accounts relating to the Project.

5.4 Montflex shall cause the final account of the Project to be audited by an auditor appointed by Montflex and approved by Datuk Bandar and the final audited account shall be submitted to Datuk Bandar within 12 months from the Construction Completion Date.

6. Covenants of Montflex

6.1 Montflex undertakes and covenants with Datuk Bandar that for the duration of the JVA, it will not carry on or undertake any business other than the Project.

6.2 Montflex shall ensure that its shareholder and shareholding structure shall at all times conform to the general requirement laid down by Datuk Bandar.

6.3 As at the date of the JVA, the shareholder and shareholding structure of Montflex are as follows:

Shareholders	Percentage of Shareholding
Bumilex	51.0%
Excel Logic	49.0%

6.4 Save for any change permitted pursuant to the listing of Montflex on the official list of Bursa Securities (subject to obtaining the approvals under paragraph 6.5 below), there shall be no change to the:

6.4.1 shareholder and the shareholding structure of Montflex as set out in the table above; and

6.4.2 shareholder and the shareholding structure of the shareholder of Montflex save and except where the shareholder is listed and quoted on the Bursa Securities,

for a period of 5 years from the date of the JVA.

6.5 Any intention to change the shareholders and shareholding structure after the said period of 5 years shall:

6.5.1 require the prior written approval of the Government through UKAS, JPM;

6.5.2 be subject to terms and conditions as may be imposed by UKAS, JPM; and

6.5.3 be subject to renegotiation of the terms and conditions of the JVA.

6.6 Montflex shall increase the paid-up capital as may be required by its financiers provided that the paid-up capital shall not be less than RM5,000,000.00 throughout the Development Period (as defined in paragraph 10.1 below).

7. Possession of the TAR Land

7.1 Datuk Bandar shall allow Montflex to take possession of the TAR Land on an as is where is basis and to carry out all works necessary for the Project from 5 October 2017², being the date of issuance of the notice of possession from Datuk Bandar to Montflex ("**Notice of Possession**").

² Pursuant to the letter dated 5 October 2017 issued by DBKL to Montflex confirming that the Notice of Possession shall be on 5 October 2017.

SALIENT TERMS OF THE JVA (CONT'D)

8. Performance Bond

8.1 Montflex shall, before the Construction Commencement Date (as defined in paragraph 9.1 below), provide Datuk Bandar with an irrevocable guarantee issued or to be issued in favour of Datuk Bandar by a bank or licensed financial institution under the relevant Malaysian laws and approved by Datuk Bandar ("**Performance Bond**") to guarantee the due performance of Montflex's obligations under the JVA.

8.2 Montflex shall ensure that:

8.2.1 the Performance Bond shall at all times be and not less than the amount of RM21,110,000.00, being 5% of the total cost of the construction for the Project, estimated at RM422,200,000.00; and

8.2.2 the Performance Bond shall remain valid until the date of issuance of the certificate of practical completion by Montflex whereupon Datuk Bandar will return the Performance Bond to Montflex.

9. The Project: Construction Commencement Date / Construction Schedule / Infrastructure

9.1 The date of commencement of the construction works shall be 30 days from the date the approval from the relevant authority is obtained or the Effective Date, whichever is later ("**Construction Commencement Date**") provided that all of the following conditions have been fulfilled:

9.1.1 all necessary approvals for the commencement of the construction work for the Project shall have been obtained by Montflex;

9.1.2 Montflex shall have submitted the Performance Bond to Datuk Bandar;

9.1.3 Montflex shall have submitted to Datuk Bandar the duplicate copies of the insurance policies taken up for the construction works as set out in the JVA;

9.1.4 Montflex shall have submitted to Datuk Bandar the executed copy of the agreement for the construction and completion of Datuk Bandar's Unit SPA (as defined in paragraph 12.1 below); and

9.1.5 Montflex shall have submitted to Datuk Bandar a copy of the receipt for the payment made to Datuk Bandar for a sum of RM1,552,104.25 as cash consideration.

9.2 Montflex shall carry out the Project in accordance with the work programme for carrying out the construction works for the Project as set out in the JVA ("**Construction Schedule**"). Montflex may, from time to time, propose to Datuk Bandar, such revision, amendments or variations to the Construction Schedule as may be necessary to ensure the completion of the Project within the Development Period (as defined in paragraph 10.1 below). Upon Datuk Bandar being satisfied with the details of the revision, amendments or variations to the Construction Schedule (including the determination of the date of completion), Datuk Bandar shall inform Montflex in writing of such approval.

9.3 Montflex shall at its own cost and expense construct and complete within the Development Period (as defined in paragraph 10.1 below) all infrastructures as required by the relevant authority and shall at its own cost and expense maintain the same until it is handed over to the relevant authority.

SALIENT TERMS OF THE JVA (CONT'D)

10. Development Period

- 10.1 The Parties agree that the Project shall be completed within a period of 48 months from the Construction Commencement Date in respect of the Project until the issuance of the certificate of practical completion of the Project as set out in the JVA ("**Development Period**"), unless terminated earlier or extended with the consent of Datuk Bandar.
- 10.2 Datuk Bandar shall upon receiving a written request from Montflex, grant a reasonable extension of time to enable Montflex to complete the Project in the following circumstances:
- 10.2.1 a nationwide shortage of building materials as acknowledged by Datuk Bandar;
- 10.2.2 cessation of work exceeding 7 days as directed by the relevant authority as a result of the discovery of antiquities; and
- 10.2.3 any delay on the part of the public utilities and amenities in connection with the approval, relocation, installation and commissioning of utilities and services and provided that Montflex had acted expeditiously to submit the application and facilitate the action of the public utility authorities.
- 10.3 If Montflex delays to commence the construction works for more than 24 months from the Construction Commencement Date, the land value for the TAR Land affected by such delay shall be revalued based on the current market value (excluding the value of any structure erected on such land) and assessed by the Valuation and Property Services Department, Ministry of Finance Malaysia. Montflex agrees to pay Datuk Bandar the amount representing the aforesaid increase in the land value for the Project (if any) within 1 month prior to the recommencement of the construction works, failing which Datuk Bandar shall be entitled to terminate the JVA.
- 10.4 If Montflex fails to complete the Project by the Construction Completion Date, Montflex shall pay Datuk Bandar liquidated and ascertained damages calculated on a daily basis at the rate of 8% per annum of the Minimum Guaranteed Profit for every day of delay until the certificate of practical completion is issued for the Project.

11. Indemnity

- 11.1 The Parties agree that Montflex shall perform all of its obligations under the JVA at its own risk and releases and shall indemnify and keep Datuk Bandar indemnified from and against all claims and demands of every kind resulting from any accident, damage, injury or death arising out of, or in the course of, or by reason of the Project or any part thereof and Datuk Bandar shall have no responsibility or liability whatsoever in relation to such accident, damage injury or death, unless they are caused by the negligence or willful default of the Datuk Bandar, its agents or servants.
- 11.2 The indemnity obligations shall continue after the expiry of earlier termination of this Agreement in respect of any act, deed, matter or thing happening before such expiration or termination of the JVA.

12. Completion and Transfer of Datuk Bandar's Unit

- 12.1 For the purpose of paragraph 2.2.1, the Parties shall execute an agreement for the construction and completion of the Datuk Bandar's Unit substantially in the form as set out in the JVA ("**Datuk Bandar's Unit SPA**") prior to the Construction Commencement Date.

SALIENT TERMS OF THE JVA (CONT'D)

12.2 Montflex shall construct and complete the Datuk Bandar's Unit within a period of 48 months from the Construction Commencement Date and shall deliver vacant possession of the Datuk Bandar's Unit pursuant to the Datuk Bandar's Unit SPA; and

12.3 In the event Montflex fails to deliver vacant possession of the Datuk Bandar's Unit in accordance with the Datuk Bandar's Unit SPA, Montflex shall pay liquidated and ascertained damages at the agreed rate prescribed in the Datuk Bandar's Unit SPA.

13. Sale and Purchase of Development Units

13.1 Subject to paragraph 3 above, Datuk Bandar shall allow Montflex to sell the Development Units according to the Project in such manner as Datuk Bandar and Montflex shall mutually agree provided always that Montflex has fulfilled all legal and statutory requirements necessary for the sale.

13.2 Montflex shall be solely responsible for and shall discharge all liabilities arising from the sale and purchase agreement in respect of the Development Units and shall indemnify Datuk Bandar in the event of any loss, damage, claim or proceeding against Datuk Bandar by any purchaser.

13.3 The Parties agree that at least 30% of the total Development Units shall be sold to Bumiputera. In the event that any Development Units is not purchased by Bumiputera purchaser within 12 months from the date of launching of the Project, then Montflex, upon obtaining Datuk Bandar's written approval, shall be entitled to sell the Development Units in any manner to any person including to foreign buyers, foreign companies or any other person as Montflex deems fit. It is further agreed that Datuk Bandar may permit a variation of the number of units to be sold to Bumiputera purchaser provided that each variation in numbers shall take into consideration the current market environment and sentiments.

14. Termination by Datuk Bandar**14.1 Events of Default – Prior to the Construction Commencement Date**

Datuk Bandar shall be entitled to give written notice ("**Default Notice**") to Montflex, specifying the relevant default and requiring Montflex to remedy the default within a specified period ("**Remedy Period**"), if Montflex:

14.1.1 fails to commence the Construction Works in respect of the Project on the Construction Commencement Date; or

14.1.2 breaches any of its obligation or fails to comply with any other provisions in the JVA.

14.2 Termination

If Montflex fails to remedy the relevant default within the Remedy Period or such other period as may be determined by Datuk Bandar, Datuk Bandar shall have the right to terminate the JVA with immediate effect by giving notice to Montflex.

14.3 Consequences of Termination

Upon termination of the JVA pursuant to paragraph 14.2 above:

14.3.1 the right and licence granted to Montflex under the Notice of Possession shall expire;

14.3.2 the right of Montflex to develop the TAR Land shall expire and Datuk Bandar shall be entitled to appoint another party to carry out the Project;

SALIENT TERMS OF THE JVA (CONT'D)

14.3.3 Datuk Bandar shall:

- (a) be entitled to call on the Performance Bond (if any); and
- (b) be entitled to forfeit the amount of RM7,084,500.00, being 10% of the Project Land Value, which has been paid to Datuk Bandar as at the date of termination ("**Termination Date**");

14.3.4 Montflex shall:

- (a) reimburse Datuk Bandar for any costs, expenses, damages, penalties and losses (including incidental cost and expense) reasonably or properly incurred by Datuk Bandar arising from such default within 6 months from the Termination Date. If Montflex fails to reimburse Datuk Bandar, it shall become a debt due and payable by Montflex to Datuk Bandar;
- (b) at no cost and expense to Datuk Bandar, vacate and remove from the TAR Land all its equipment, machineries, plants and materials thereon and its workmen, employees, servants, agents, contractors and subcontractors therefrom within 30 days from the Termination Date;
- (c) hand over vacant possession of the TAR Land to Datuk Bandar in a well maintained condition, fair wear and tear excepted;
- (d) at no cost to Datuk Bandar, hand over to Datuk Bandar, upon receipt of the termination notice all plans, designs, drawings including its intellectual property rights in respect thereof, specifications and other relevant documents including the approved plans relating to the Project; and
- (e) fully indemnify Datuk Bandar in the event of any claims or proceedings instituted by the purchaser of the Development Units or such other third parties against Datuk Bandar prior to or at the time of termination of the JVA.

14.4 The Parties agree that Montflex shall not be entitled to claim for any compensation or any other form of losses including loss of profit, damages, claims or whatsoever upon termination of the JVA.

14.5 Events of Default – During Construction Works

If at any time during the construction works in respect of the Project, Montflex:

- 14.5.1 fails to complete the Project within the Construction Completion Date;
- 14.5.2 suspends or abandons the whole of the construction works or any part thereof as stipulated in the Construction Schedule for a continuous period of 2 months;
- 14.5.3 fails to show progress of the construction works in accordance with the Construction Schedule;
- 14.5.4 fails to carry out the construction works in accordance with the approved plan and the composition of the Development Units as specified in the JVA or there is defect, imperfection, damage, inadequacy or insufficiency to the approved plan and the composition of the Development Units as specified in the JVA; or
- 14.5.5 breaches or fails to comply with or carry out any material obligations, terms or conditions under the JVA,

then Datuk Bandar shall be entitled to give Default Notice to Montflex, specifying the relevant default and requiring Montflex to remedy such default within the Remedy Period.

SALIENT TERMS OF THE JVA (CONT'D)

14.6 Termination

If Montflex fails to remedy the relevant default within the Remedy Period or such other period as may be determined by Datuk Bandar, Datuk Bandar shall have the right to terminate the JVA with immediate effect by giving notice to Montflex.

14.7 Consequences of Termination

If Datuk Bandar terminates the JVA pursuant to paragraph 14.6 above,

14.7.1 the right and licence granted to Montflex under the Notice of Possession shall expire;

14.7.2 the right of Montflex to develop the TAR Land shall expire, and Datuk Bandar shall be entitled to appoint another party to carry out the Project;

14.7.3 all Development Units (excluding the Development Units which has been sold to purchasers) and infrastructure erected on the TAR Land by Montflex, whether wholly or partly completed as at the Termination Date, shall vest absolutely in Datuk Bandar without any compensation whatsoever to Montflex and Datuk Bandar is entitled to utilise such Development Units or infrastructure for Datuk Bandar's own benefit;

14.7.4 Datuk Bandar shall:

- (a) be entitled to call on the Performance Bond;
- (b) be entitled to forfeit the amount of the Project Land Value which has been paid to Datuk Bandar pursuant to paragraph 2.1.1 above;
- (c) subject to the provisions of any written law, be entitled to utilise the monies in the escrow account to be opened by Montflex with a reputable bank or financial institution approved by Datuk Bandar for the purposes of depositing progressive payments of all monies ("**Escrow Account**") as at the Termination Date for the purpose of completing the Project; and
- (d) be entitled to all machinery, plants, equipment, building material and any other thing paid out of the Escrow Account without any compensation whatsoever to Montflex.

14.7.5 Montflex shall:

- (a) cease the construction works immediately upon receipt of the termination notice;
- (b) at its own cost and expense vacate and remove from the TAR Land all its equipment, machineries, materials thereon and its workmen, employees, servants, agents, contractors and subcontractors therefrom within 30 days from the date of the termination notice. If Montflex fails to effect the aforesaid, Montflex shall pay and reimburse to Datuk Bandar any costs and expenses paid or incurred by Datuk Bandar arising from such failure, and such costs and expenses shall be a debt due from Montflex to Datuk Bandar
- (c) hand over vacant possession of the TAR Land to Datuk Bandar in a well maintained condition, fair wear and tear excepted;

SALIENT TERMS OF THE JVA (CONT'D)

- (d) at no cost to Datuk Bandar, handover to Datuk Bandar upon receipt of the termination notice, all plans, designs, drawings and specifications and other relevant documents including the approved plan relating to the Project and shall procure the transfer of the intellectual property rights to such documents to Datuk Bandar within 30 days from the Termination Date provided that if Montflex fails to effect the aforesaid, Montflex shall pay and reimburse to Datuk Bandar any costs and expenses paid or incurred by Datuk Bandar arising from such failure, and such costs and expenses shall be a debt due from Montflex to Datuk Bandar. Montflex further agrees that Datuk Bandar has the right to utilise all the plans, designs, drawings and specifications and other documents relating to the Project to continue and complete the Project;
 - (e) pay to Datuk Bandar for any cost and expense paid, incurred or reimbursed by Datuk Bandar arising from such default including the actual costs and expense incurred by Datuk Bandar in having to complete the Project where the physical construction works have already been carried out by Montflex but Montflex failed to complete it as at the Termination Date;
 - (f) terminate such third party contracts entered into by Montflex in relation to the construction works, as may be directed by Datuk Bandar, and Datuk Bandar shall not be liable for any termination cost arising thereby and shall be indemnified and held harmless by Montflex in respect thereof;
 - (g) not to apply for a court order to freeze the Escrow Account; and
 - (h) fully indemnify Datuk Bandar in the event of any claims or proceedings instituted by the purchasers of the Development Units against Datuk Bandar prior to or at the time of termination of the JVA and Datuk Bandar shall not be liable to such purchasers.
- 14.8 The Parties agree that Montflex shall not be entitled to claim for any compensation or any other form of losses including loss of profit, damages, claims or whatsoever upon termination of the JVA.

15. General Default by Montflex

- 15.1 Without prejudice to paragraphs 14.2 and 14.6 above, if at any time after the Effective Date but prior to the completion of the Project:
- 15.1.1 execution is levied against a substantial portion of Montflex's assets, unless it has instituted proceedings in good faith to set aside such execution; or
 - 15.1.2 Montflex:
 - (a) assigns the whole or part of the JVA save and except in relation to the assignment pursuant to paragraph 21 below;
 - (b) is subject to an order made against it or a resolution passed for the winding up of Montflex, save for the purpose of reconstruction, amalgamation not involving the realisation of assets in which the interests of creditors are protected;
 - (c) enters into liquidation or receivership whether compulsorily or voluntarily or suffers its goods to be taken in execution or become insolvent or compounds with or makes an assignment for the benefit of its creditors or does any act which affects its ability to fulfil its obligations under the JVA; or

SALIENT TERMS OF THE JVA (CONT'D)

- (d) enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debts,

then Datuk Bandar shall have the right to terminate the JVA forthwith by giving notice to that effect.

15.2 In the event the termination of the JVA pursuant to paragraph 15.1 above:

15.2.1 takes effect prior to the Construction Commencement Date, paragraph 14.3 above shall apply; or

15.2.2 takes effect during Construction Works in respect of the Project, paragraph 14.7 above shall apply.

16. Non-termination

If Datuk Bandar does not terminate the JVA pursuant to paragraph 14 above, it may by written notice to Montflex, require Montflex to reimburse Datuk Bandar for all losses, costs, expenses, damages, litigation costs, penalties reasonably and properly paid incurred or reimbursed by Datuk Bandar arising directly from such default. Non-termination of the JVA by Datuk Bandar shall not affect Datuk Bandar's rights to impose liquidated and ascertained damages under the JVA.

17. Rights and Liabilities of Parties Upon Termination

17.1 The termination of the JVA shall not affect the rights and liabilities of the Parties which have accrued as at the Termination Date.

17.2 All liabilities, obligations, claims, suits or proceedings whatsoever existing prior to and at the Termination Date whether arising out of or in connection with:

17.2.1 any agreement entered by Montflex with third parties; or

17.2.2 any act, default, omission or negligence of Montflex, its employees, agents or servants with regards to third parties,

shall be borne by Montflex and Datuk Bandar shall not be liable for any of the action aforesaid provided always that the termination of the JVA shall not affect the liability of any of the Parties for any of their acts or omissions during the period of the construction works of the Project and each of the Parties shall thereafter continue to be so liable and shall keep the other Party indemnified and harmless in respect of any claims therefrom.

18. Termination by Montflex**18.1 Event of Default**

If Datuk Bandar, without reasonable cause fail to issue the Notice of Possession to Montflex within 14 days from the Effective Date, then Montflex shall be entitled to give Default Notice to Datuk Bandar specifying the relevant default and requiring Datuk Bandar to remedy the default within the Remedy Period or such other period as may be agreed by the Parties from the date of receipt of such notice.

SALIENT TERMS OF THE JVA (CONT'D)

18.2 Termination

If Datuk Bandar fails to remedy the default specified in the Default Notice within the stipulated time therein or such other period as may be agreed by the Parties, Montflex may by written notice to Datuk Bandar terminate the JVA which shall take effect 30 days after the date of such written notice.

18.3 Consequences of Termination

If the JVA is terminated by Montflex pursuant to paragraph 18.2 above:

18.3.1 the right of Montflex to develop the TAR Land shall expire, and Datuk Bandar shall be entitled to appoint another person to carry out the Project on such terms and conditions as Datuk Bandar may deem fit;

18.3.2 Datuk Bandar shall:

- (a) return the Performance Bond to Montflex; and
- (b) within 6 months from the Termination Date, pay to Montflex (without interest) the amount which has been paid to Datuk Bandar pursuant to paragraph 2.1 above (if any) as at the Termination Date.

18.4 The Parties agree that Montflex shall not be entitled to claim for any compensation or any other form of losses including loss of profit, damages, claims or whatsoever upon termination of the JVA other than the payment made by Datuk Bandar pursuant to paragraph 18.3.2(b) above. The Parties further agree that the payment made by Datuk Bandar pursuant to paragraph 18.3.2(b) shall constitute as a full and final settlement between the Parties.

19. Termination on Datuk Bandar's Interest**19.1 Termination**

Datuk Bandar may, at any time during the validity of the JVA, terminate the JVA by giving not less than 3 months written notice to that effect to Montflex if Datuk Bandar considers that such termination is necessary for Datuk Bandar's interest. The determination of what amount to "Datuk Bandar's interest" shall be made by Datuk Bandar and such determination shall for all intent and purpose be final and conclusive and shall not be open to any challenge whatsoever.

19.2 Consequence of Termination

In the event Datuk Bandar exercise its rights under paragraph 19.1 above, the consequences under paragraph 18.3 above shall apply.

19.3 The Parties agree that Montflex shall not be entitled to claim for any compensation or any other form of losses including loss of profit, damages, claims or whatsoever upon termination of the JVA other than those stipulated in paragraph 19.2 above. The Parties further agree that the payment made by Datuk Bandar under paragraph 19.2 above shall constitute as a full and final settlement between the Parties.

SALIENT TERMS OF THE JVA (CONT'D)

20. Termination on Corruption Unlawful or Illegal Activities**20.1 Termination**

Without prejudice to any other rights of Datuk Bandar, if Montflex, its personnel, servants or employees is convicted by a court of law for corruption or unlawful or illegal activities in relation to the JVA or any other agreements that Montflex may have with Datuk Bandar, Datuk Bandar shall be entitled to terminate the JVA at any time, by giving immediate written notice to that effect to Montflex.

20.2 Consequences of Termination

In the event the termination of the JVA pursuant to paragraph 20.1 above:

20.2.1 takes effect prior to the Construction Commencement Date of the Project, paragraph 14.3 above apply; or

20.2.2 takes effect during the Construction Works in respect of the Project, paragraph 14.7 above apply.

20.3 The Parties agree that Montflex shall not be entitled to claim for any compensation or any other form of losses including loss of profit, damages, claims or whatsoever upon termination of the JVA.

21. Assignment

21.1 Montflex shall not:

21.1.1 assign, transfer, charge the TAR Land or part of it to any person; and

21.1.2 assign, transfer or novate the JVA or any part of it or any benefit of interest conferred by the JVA to any person.

21.2 Notwithstanding the above, Montflex may with the prior consent of Datuk Bandar, be entitled to assign the gross sales value as set out in the JVA to such licensed financial institution as a security for borrowing money or raise financing provided that all such monies as may be borrowed thereby shall be solely and exclusively be used for the purpose of meeting the Gross Development Cost and/or providing working capital for the construction and completion of the Project.