

**LAGENDA PROPERTIES BERHAD (FORMERLY KNOWN AS D.B.E. GURNEY RESOURCES BERHAD)  
("LAGENDA" OR THE "COMPANY")**

**JOINT VENTURE CUM SHAREHOLDERS' AGREEMENT**

**1. INTRODUCTION**

Further to the announcement made on 30 October 2020 pertaining to the memorandum of understanding with BDB Land Sdn. Bhd., the Board of Directors of Lagenda ("**Board**") wishes to announce that on 6 April 2021, LPB Development Sdn. Bhd. (formerly known as DBE Development Sdn. Bhd.) ("**LDSB**"), a wholly-owned subsidiary of the Company and BDB Land Sdn. Bhd. ("**BLSB**") (collectively referred to as the "**Parties**" and each as a "**Party**") had entered into a Joint Venture cum Shareholders' Agreement ("**JVSA**") to incorporate a joint venture company namely, BDB Lagenda Sdn Bhd ("**BDBLSB**") and for BDBLSB to undertake an affordable housing development project on 5 parcels of lands all located at Bandar Amanjaya, Daerah Kuala Muda, Negeri Kedah with total gross area measuring approximately 229.99 acres ("**Development Lands**") (the "**Joint Venture**").

**2. DETAILS OF THE PROPOSED JOINT VENTURE**

**2.1 Information on LDSB**

LDSB, a private limited company incorporated in Malaysia under the Companies Act 1965 and deemed registered under Companies Act 2016, with its business address at Level 4, No. 131, Persiaran PM 2/1, Pusat Bandar Seri Manjung, Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan, is a wholly-owned subsidiary of Lagenda Properties Berhad (formerly known as D.B.E. Gurney Resources Berhad) which is listed on the Main Market of Bursa Malaysia Securities Berhad and principally involved in affordable housing development.

**2.2 Information on BLSB**

BLSB, a private limited company incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016, with its registered address at Level 9, Menara BDB, 88 Lebuhraya Darulaman, Alor Star, 05100 Alor Setar, Kedah, is a wholly-owned subsidiary of Bina Darulaman Berhad ("**BDB**") which is currently listed on the Main Market of Bursa Malaysia Securities Berhad and principally involved in property development.

**2.3 Information on BDBLSB**

BDBLSB is a private limited company incorporated in Malaysia under Companies Act 2016, with its registered address at Level 4, No. 131, Persiaran PM 2/1, Pusat Bandar Seri Manjung, Seksyen 2, 32040 Seri Manjung, Perak Darul Ridzuan. BDBLSB is incorporated as a special purpose vehicle for the purpose of the Joint Venture.

**2.4 Information on the Development Lands**

| <b>Details</b>            | <b>Descriptions</b>                        |                      |                          |
|---------------------------|--|----------------------|--------------------------|
| Type                      | Land for Residential / Commercial Building |                      |                          |
| Title Details & Land Area | <b>No.</b>                                 | <b>PT / Plot No.</b> | <b>Land Area (Acres)</b> |
|                           | 1  | PT 2416              | 10.00                    |
|                           | 2  | PT 2418              | 12.48                    |
|                           | 3  | PT 2423              | 98.38                    |
|                           | 4  | PT 65003             | 27.47                    |

| Details                 | Descriptions   |   |
|-------------------------|--|---|
|                         | 5  | PT 48856  |
|                         | 81.66  |   |
|                         | Total of 229.99 acres  |   |
| Bandar/Pekan/Mukim      | Bandar Aman Jaya   |   |
| District and State      | Daerah Kuala Muda, Kedah   |   |
| Legal/ Beneficial Owner | Bina Darulaman Berhad  |   |
| Tenure                  | Freehold   |   |
| Existing Usage          | Vacant   |   |
| Market Value            | No market valuation was conducted  |   |
| Net book value^         | RM48,407,068   |   |
| Express Condition       | PT 2416  | Tapak Kediaman (Tertakluk kepada 30% kuota jualan lot untuk orang Melayu) |
|                         | PT 2418  | Tapak satu bangunan perniagaan sahaja                                     |
|                         | PT 2423  | Tapak Kediaman  |
|                         | PT 65003   | Tapak satu bangunan perniagaan sahaja                                     |
|                         | PT 48856   | Bangunan untuk kediaman dan perniagaan sahaja                             |
| Restriction-In-Interest | "Ditegah tuan tanah membuat sebarang perkiraan (dealings) kecuali gadaian di atas tanah yang hendak dimajukan sebagai Bandar Aman Jaya melainkan tuan tanah menyediakan simpanan jalan dan parit dan serta bina dan pelihara simpanan jalan ini dan taruh batu dan tar menurut taraf Jabatan Kerja Raya serta perbuatan parit-parit dengan sepuas hati Penguasa Tempatan serta mendapat sokongan daripada Jabatan Kerja Raya atau ada jaminan dari Penguasa Tempatan dan Jabatan Kerja Raya bahawa jalan-jalan dan parit-parit itu dapat disempurnakan." |   |
| Encumbrances            | Free from encumbrances   |   |

## 2.4 Proposed Development on the Development Lands

LDSB and BLSB are desirous to jointly develop, construct and complete an affordable housing developments project on the Development Lands which shall consist of predominantly single storey terrace houses save and except for part of PT 48856, which will consist of commercial development to be built thereon through separate phases (collectively, "**Phases**" and each, a "**Phase**") which are more particularly described in the JVSA and upon the terms and conditions set out therein ("**Project**").

The expected gross development value for the Project is approximately RM565 million and at this juncture, is still at its early stage of planning and as such it is too preliminary to estimate the gross development costs.

## 3 SALIENT TERMS OF THE JVSA

### 3.1 The Joint Venture

Both LDSB and BLSB have mutually agreed as follows:-

- 3.1.1 that the JVSA shall be a master agreement governing the Joint Venture for the purpose of the Project;
- 3.1.2 that BDBLSB shall be the special purpose vehicle for the purpose of the Joint Venture; and
- 3.1.3 that LDSB and BLSB are entering into the JVSA to regulate their relationship *inter se* as shareholders in BDBLSB.
- 3.1.4 Unless otherwise agreed by all the Parties, the principal activities and objectives of BDBLSB shall be as follows:-
- (a) in respect of each Phase, enter into a development rights agreement with BDB and BLSB to grant the development rights to BDBLSB in respect of the relevant portion the Development Lands which are designated for the development of the said Phase upon the terms and conditions set out therein ("**Development Rights Agreement**");
  - (b) design and develop, undertake, manage and complete the Project in Phases and in accordance with the development schedule and/or business plan approved by the board of directors and/or in accordance with the terms therein;
  - (c) divest the residential units comprised in the Project at appropriate time(s) in accordance with the business plan approved by the board of directors and/or in accordance with the terms therein;
  - (d) if the Parties shall have identified other lands (in addition to the Development Lands) to be developed by way of joint venture, to act as the special purpose vehicle for the purpose of the joint venture and to do and/or execute all such acts, matters and/or things which are necessary for and/or incidental to jointly develop of such lands; and
  - (e) to do and/or execute all such acts, matters and/or things which are necessary for and/or incidental to the attainment of any of the foregoing objectives.

## **3.2 Conditions Precedent**

### **3.2.1 Conditions Precedent**

Parties are to obtain the following approvals (the "**Conditions Precedent**") on or before expiry of the time period of three (3) months from the date of the JVSA or such extended period as the Parties may mutually agree (the "**Conditional Period**"):

- (a) the approvals from their respective board of directors and where applicable, the approvals from their respective holding companies including their ultimate shareholders in general meetings for their respective participations in BDBLSB and the Project in accordance with the terms and conditions of the JVSA;
- (b) the approval of the BDBLSB board of directors having been obtained to enter into the JVSA, the Development Rights Agreement and the transactions contemplated in the JVSA and the Development Rights Agreement; and
- (c) the execution and delivery of a Development Rights Agreement for Phase 1 by BDBLSB, BLSB and BDB.

### **3.2.2 Non-Fulfilment of Conditions Precedent**

If the Conditions Precedent cannot be fulfilled or deemed not to have been fulfilled by the

expiry of the Conditional Period, the Party who is not responsible for satisfying the non-fulfilled Condition(s) Precedent, may rescind the JVSA by serving written notice on the other Party (“**Notice**”) provided that to the extent applicable, such Party shall have complied with its obligation to assist the other Party using their best endeavours (where appropriate) to satisfy and assist one another to satisfy the Conditions Precedent. Upon service of the Notice on the other Party, the JVSA shall be deemed to be terminated and shall be null and void and of no further effect whatsoever, and none of the Parties shall have any right to claim against the other Party, save in respect of any antecedent breach of the terms herein.

Upon termination of the JVSA:-

- (a) subject to the terms, the Parties shall procure the Development Rights Agreement (if executed) shall be terminated in accordance with its terms whereupon BLSB shall refund and procure to be refunded to BDBLSB the Landowner's Entitlement (as defined in Section 3.4 below) and any other monies which have been paid by BDBLSB to BLSB pursuant to and under the Development Rights Agreement;
- (b) upon receipt of the refund from BLSB referred to in Section (a) above, BDBLSB to refund to LDSB all advance which LDSB has given to BDBLSB for the purpose of payment of, *inter alia*, the Landowner's Entitlement and any other monies paid to BLSB pursuant to and under the Development Rights Agreement; and
- (c) In addition to Section (a) above, BLSB shall sell to LDSB and LDSB shall purchase from BLSB all of the shares held by BLSB in BDBLSB at the nominal value of Ringgit Malaysia One (RM1.00) only. The transfer of the shares from BLSB to LDSB shall complete on the fourteenth (14th) day (or such other date as the Parties may mutually agree in writing) from the date of the Notice referred to in Section 3.2.2.

### 3.2.3 Agreement Becoming Unconditional

The obligations of the Parties to proceed with the objectives set out in Section 3.1.4 above shall become unconditional on the date when the last of the Conditions Precedent is fulfilled or deemed fulfilled or waived pursuant to the terms herein (“**Unconditional Date**”)

## 3.3 BDBLSB

### 3.3.1 Paid Up Share Capital

BDBLSB shall attain its initial paid-up share capital of Ringgit Malaysia Two (RM2.00) only comprising two (2) ordinary shares of RM1.00 each.

### 3.3.2 Shareholding Structure

The Parties' shareholdings in BDBLSB shall be in the agreed proportions which are as follows:

| No.          | Shareholders | Percentage Of Shareholdings |
|--------------|--------------|-----------------------------|
| 1.           | LDSB         | 50%                         |
| 2.           | BLSB         | 50%                         |
| <b>TOTAL</b> |              | <b>100%</b>                 |

(“**Agreed Proportions**”)

The Parties agree that the holdings of shares in BDBLSB shall, unless otherwise varied in accordance with the provisions of the JVSA, be maintained at all times in the Agreed Proportions.

### **3.3.3 Ordinary Shares**

The shares in BDBLSB that are held by the Parties shall carry all rights conferred for ordinary shares.

### **3.3.4 Board of Directors**

The determination of overall policy and management of BDBLSB shall rest with the board of directors. The day-to-day management and operation of BDBLSB shall be delegated to, and vested in the key management personnel who shall be obliged to work with the board of directors at all times.

Each Parties shall have the right to nominate such number of directors as shall be proportionate to the total shareholding which such Party held in BDBLSB. Pending completion of the Project:-

- (a) the board of directors shall have up to a maximum of six (6) members; and
- (b) for as long each Party hold fifty (50%) percent of the total shares in BDBLSB, each Party will be entitled to nominate up to three (3) directors to represent them in the board.

### **3.3.5 Board Chairman**

The board chairman shall be rotated among the directors nominated by each Parties on an annual basis. The first (1<sup>st</sup>) board chairman shall be appointed by LDSB from amongst its appointed directors. Each board chairman shall hold the office for a period of twelve (12) months from his/her appointment and may be extended with consent of other member of the board up to the conclusion of the next annual general meeting of BDBLSB which shall not exceed a maximum period of eighteen (18) months from the date of his/her appointment.

The board chairman shall chair all meetings of the board and shall have a casting vote in the event there is an equality of votes. Save as otherwise provided herein, the chairman shall have no special responsibility or authority.

### **3.3.6 Project Committee**

As soon as practicable after the Unconditional Date, the Parties shall establish the Project Committee to oversee and monitor the execution of the Project until it achieve the completion of the Project.

Each Parties shall have the right to appoint such number of representatives to the Project Committee as shall be proportionate to its shareholding in BDBLSB. The number of members in the Project Committee shall be six (6) at all material times.

## **3.4 Parties' Entitlements**

### **3.4.1 BLSB's Landowner's Entitlement**

At the request of BDB, the legal and beneficial owner of the Land, an aggregate of RM52,000,000.00 being landowner's entitlement, shall be payable by BDBLSB to BLSB progressively and in Phases ("**Landowner's Entitlement**"). The Landowner's Entitlement is calculated based on the agreed market price of RM5.15 per square foot only in respect of the Development Lands which are to be used for the purpose of affordable home development

save and except for part of PT 48856 which is to be used for commercial development, the agreed market price per square foot shall be RM5.60).

The Landowner's Entitlement payable by BDBLSB to BLSB progressively and in Phases in accordance with the terms of separate Development Rights Agreement to be entered into by BDBLSB, BLSB and BDB. In connection thereto, BDBLSB shall, prior to the commencement of each Phase, enter into a Development Rights Agreement, with BLSB and BDB for the purpose of granting the development rights over those portion of the Development Lands which is required to be developed by BDBLSB pursuant to the relevant Phase.

### **3.4.2 Dividend Policy**

It is the intention of the Parties that, subject to (i) the Company having fully repaid any shareholders' advances to the Parties pursuant to the terms therein and (ii) appropriation of proper and prudent reserves and unless otherwise mutually agreed, a minimum of fifty percent (50%) of the profits of BDBLSB shall, to the extent permitted by laws, be distributed in the Agreed Proportions by way of dividends or otherwise PROVIDED ALWAYS that the dividend policy as aforementioned shall take into consideration:-

- (a) the liquidity of BDBLSB and has adequately accounted for the working capital and capital commitment of BDBLSB; and
- (b) any restriction as may be contained in the applicable laws including the Companies Act, the HDA 1966 and the HDA Regulations.

BDBLSB may distribute as dividends, in respect of each financial year within **six (6) months** of such financial year end, such amount as the board of directors may recommend to the Parties. The Parties shall approve any recommendation by the board of directors for distribution of dividends after ensuring that there are adequate reserves to be recommended out of the profits of BDBLSB from time to time.

## **3.5 Parties' Duties and Obligations**

### **3.5.1 LDSB's Duties and Obligations**

LDSB will be responsible to assist BDBLSB in the implementation and completion of the Project and in connection therewith, it will provide assistance, advice and recommendation to BDBLSB in relation to the following matters:

- (a) evaluation and finalisation of principal terms of engagement and fees of consultants;
- (b) evaluation and finalisation of cost plans;
- (c) evaluation and finalisation of list of pre-qualified contractors/suppliers;
- (d) the procedure and processes in relation to the tenders to be conducted by BDBLSB in the selection of contractors;
- (e) the interview of and negotiations with tenderers;
- (f) selection of the contractors, sub-contractors, suppliers and consultants and subsequent awards of tenders;
- (g) the pricing of the units to be sold to the end-purchasers;
- (h) evaluation and finalisation of sales strategy and marketing plans; and
- (i) evaluation and finalisation of the timeline for the launch, sales, development and completion of the units comprised in the Project.

### **3.5.2 BLSB's Duties and Obligations**

BLSB shall respond promptly to any request made by BDBLSB for information or assistance in particular but not limited to the application for the approvals to develop the Development Lands and the application for a developer license and advertising permit under the HDA 1966 and HDA Regulations.

BLSB will promptly and diligently:-

- (a) perform the undertakings, covenants, obligations, terms and conditions on its part as provided in the Development Rights Agreement including but without limitation to the execution and delivery of a deed of power of attorney appointing BDBLSB as the substitute attorney of BDB to sign letters, plans, drawings, forms and applications drawn up by BDBLSB's consultants which need to be submitted to the relevant authorities including but not limiting to the local planning authority or other authority regulating the development for their approval;
- (b) assist BDBLSB to apply and obtain the written approval from the State Authority for the transfer of the separate issue documents of title to the units comprised in the Project to the end purchasers;
- (c) execute all sale and purchase agreements for and on behalf of BDB as the registered proprietor for the sale and transfer the units comprised to the end purchasers in accordance with the applicable laws including the HDA 1966 and HDA Regulations;
- (d) act as liaison of BDBLSB in all matters which require communication and correspondence with the relevant authorities which shall include the state government of Kedah Darul Aman, local government and government agencies for the purpose of its application for approvals to carry out the Project including but not limited only to appeal for minimum payment of premium to the state authority;
- (e) assist and facilitate environmental, health, safety and security, technical audit and project quality assessment and verification of the works carried out on site;
- (f) grant the approval(s) for development schedule which outlines the timeline of the Project in particular but not limited to the step by step management and conduct of the Project by BDBLSB as soon as practicable so as not to impede the timeline for completion of the Project; and
- (g) generally to ensure that all matters related to land use and payments to the relevant authorities are up to date at the time of execution the JVSA.

#### **4 BASIS AND JUSTIFICATION OF THE LANDOWNER'S ENTITLEMENTS**

BLSB Landowner's Entitlement was arrived at after taking into consideration the following:

- (a) The Development Lands were converted to residential and/or commercial use; and
- (b) The Landowner's Entitlement of RM52,000,000 will be paid progressively and in Phases accordance with the terms of separate Development Rights Agreement to be entered into by BDBLSB, BLSB and BDB pursuant to the relevant Phase.

#### **5 RATIONALE AND PROSPECTS OF THE JOINT VENTURE**

The rationale and prospect for the Joint Venture are as follows:

- (a) The Joint Venture would be a strategic opportunity for the Company to further expand its affordable housing development business outside of Perak and in line with Company's expansion plan as a nationwide affordable house provider;
- (b) The Development Lands are just 10 minutes away from Sungai Petani city centre and strategically located within a mature residential development area with surrounding developments such as Taman Aman Suria, Ambangan Heights, and Bandar Laguna Merbok. It

is also within the vicinity of Amanjaya Mall, Cinta Sayang Golf Resort, Hospital Sultan Abdul Halim and easily accessible from North–South Expressway;

- (c) The Joint Venture shall contribute positively to the Company's future earnings and strengthen its financial position moving forward; and
- (d) The Joint Venture will also strengthen the reputation of the Company as one of the formidable affordable housing developers in Malaysia and to continue providing affordable houses to the mass Malaysian.

## **6 SOURCE OF FUNDING**

The Company intends to fund the Joint Venture via its internally generated funds. Nonetheless, the Company shall still consider the availability of bank borrowings and the exact mix of the financing structure will be determined by the management of the Company at a later stage, after taking into consideration the Company's gearing level, interest costs and internal cash requirements for its business operations.

## **7. LIABILITIES TO BE ASSUMED**

No liabilities, including contingent liabilities and guarantees, will be assumed by the Company pursuant to the Joint Venture.

## **8 RISK FACTORS**

The Joint Venture is subject to certain risks inherent in the property development and construction industries. These include non-completion due to the labour and building material shortages, increases in the cost of labour and building materials, inflation, changes in credit and interest rate conditions, changes in political, social and economic conditions, and changes in legal framework within property development industry.

## **9 FINANCIAL EFFECTS**

### **9.1 Share Capital and Substantial Shareholders' Shareholding**

The Joint Venture will not have any effect on the issued share capital and substantial shareholders' shareholding of the Company as the Joint Venture does not involve any issuance of ordinary shares or convertible securities of the Company.

### **9.2 Net Assets**

The Joint Venture is not expected to have any material effect on the net assets and net assets per share of the Company for the financial year ending 31 December 2021. However, the Joint Venture is expected to enhance the consolidated net assets and net assets per share of the Company in the future in view of the potential future profit contribution arising from the Joint Venture.



### **9.3 Earnings**

The Joint Venture is not expected to have any material effect on the earnings and earnings per share of the Company for the financial year ending 31 December 2021. However, the Joint Venture is expected to contribute positively to the earnings of the Company in the future.

### **9.4 Gearing**

As the Joint Venture is to be satisfied mainly by internally generated funds and maybe bank borrowings, if required, and the exact manners in which the funding requirements has not been finalised at this juncture, the effect of the Joint Venture on the gearing cannot be ascertained at this juncture.

## **10 HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Joint Venture pursuant to Chapter 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 8.30% based on the proforma consolidated statement of financial position of the Company as at 31 December 2019 as contained in the Reporting Accountants' Letter set out in the Company's circular dated 22 June 2020. The aforesaid proforma consolidated statement of financial position has take into consideration on the adjustment for, amongst others, the acquisition of Blossom Eastland Sdn Bhd's group of companies, Rantau Urusan (M) Sdn Bhd and Yik Wang Trading Sdn Bhd, which was completed on 12 August 2020.

## **11 APPROVALS REQUIRED**

The Joint Venture is not subject to the approval of the shareholders of the Company. However, the Joint Venture Project may be subject to the approvals of relevant authorities pertaining to the land matters of the Development Lands and the development planning of the Joint Venture Project.

## **12 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors, major shareholders and/or person connected with a Director or a major shareholder of the Company, have any interest, direct or indirect, in the Joint Venture.

## **13 DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Joint Venture, is of the opinion that the Joint Venture is in the best interest of the Company.

## **14 ESTIMATED TIME FRAME FOR COMPLETION**

The Joint Venture Project shall be implemented and completed by BDBLSB in several separate Phases within an estimated period of five (5) years commencing from the Unconditional Date of the JVSA.

**15 DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the JVSA is available for inspection by shareholders of Lagenda at the Company's registered office at No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 6 April 2021.