

JENTAYU SUSTAINABLES BERHAD (FORMERLY KNOWN AS IPMUDA BERHAD) (“JENTAYU SUSTAINABLES” OR “COMPANY”)

A JOINT VENTURE AGREEMENT ENTERED BETWEEN IPMUDA PROPERTIES SDN BHD (“IPSB”), A WHOLLY-OWNED SUBSIDIARY OF JENTAYU SUSTAINABLES AND ENCORP DEVELOPMENT SDN BHD (“EDSB”), A WHOLLY-OWNED SUBSIDIARY OF ENCORP BERHAD (“ENCORP”) (“PROPOSED JV ARRANGEMENT”)

1. INTRODUCTION

Sierac Corporate Advisers Sdn Bhd (“**SCA**”), on behalf of the Board of Directors (“**Board**”) of Jentayu Sustainables together with its subsidiaries (the “**Group**” or “**Jentayu Sustainables Group**”), wishes to announce that IPSB has, on 18 May 2022 entered into a joint venture agreement (“**JVA**”) with EDSB to jointly develop a piece of land held under Master Title Town Lease 017549665, Located at Bukit Kepayan, District of Kota Kinabalu, State of Sabah measuring approximately 1.60 acres (“**Project Land**”) into one block of ten (10) storey condominium (166 units) with six (6) storey of carpark, commercial facilities, convenience stores and laundry room at Level 1 together with the infrastructure works thereon, vide the development plan approval dated 11 February 2020 and building plan approval dated 7 May 2021 (“**Proposed Development**”).

Further details on the Proposed JV Arrangement are set out in the ensuing sections.

2. PROPOSED JV ARRANGEMENT

2.1 Background Information of the Proposed JV Arrangement

IPSB (“also referred to as “**the Proprietor**”), being the registered owner of the Project Land, had on 18 May 2022 entered into a JVA with EDSB (“also referred to as “**the Developer**”) to jointly develop the Proposed Development upon the terms and conditions as appeared in the JVA (“**Joint Venture Development**”).

Under the JVA, IPSB should at its sole cost for obtaining the approval of all plans, permits and licences necessary for the Proposed Development including the development plan and building plan and shall without undue delay sign and execute all such applications, building plans, specifications, drawings and all other documents pertaining to the Proposed Development. The Proposed Development comprises one block of ten storey condominium that contains 78 units of Type A and 88 units of Type B with built-up areas of approximately 787 square feet (“**sq. ft.**”) and 530 sq. ft., respectively with six (6) storey of carpark, commercial facilities, convenience stores and laundry room at Level 1 together with the infrastructure works thereon, vide the development plan approval dated 11 February 2020 and building plan approval dated 7 May 2021. IPSB agrees and undertakes to ensure that the aforesaid development plan and building plan remained valid and enforceable.

Pursuant to the JVA, EDSB being the developer agree to develop at its sole cost and expense the Project Land into residential estates by designing, planning, constructing, completing and commissioning all the buildings thereto including infrastructural works, access roads, drainage and other related housing amenities in accordance with the duly approved layout plans and specifications prepared by the IPSB’s consultants and subject to the approval and/or variation made thereto by the relevant authorities and subject further to the terms and condition contained in the JVA.

For the avoidance of doubt, there will be no joint venture company incorporated for the purposes of the Proposed JV Arrangement. Please refer to **Appendix I** for the salient terms of the JVA.

2.2 Parties' Entitlement

Pursuant to the JVA, IPSB shall be entitled to an amount of RM10.80 million only ("**Proprietor's Consideration Sum**") or the amount equivalent to Fifteen (15%) percentage of gross development value ("**GDV**") of the Proposed Development, whichever is the higher ("**Increased Consideration Sum**") provided always that the Proprietor's Increased Consideration Sum shall not exceed RM11.30 million only ("**IPSB's Entitlement**").

In consideration of EDSB agreeing to jointly develop the Proposed Development upon the terms and conditions in the JVA, EDSB shall have the rights to all the sale proceeds of the Proposed Development ("**EDSB's Entitlement**"). EDSB agrees and covenants to bear the development costs relating to the Proposed Development.

For illustrative purposes, based on the total estimated GDV of approximately RM78.00 million for the Proposed Development, the entitlement for IPSB and EDSB will be as follows:

Description	Minimum		Maximum	
	Amount RM'million	%	Amount RM'million	%
IPSB's Entitlement	10.80	13.8	11.30	14.5
EDSB's entitlement	67.20	86.2	66.70	85.5
Total estimated GDV	78.00	100.0	78.00	100.0

The Proposed JV Arrangement is subjected to the terms and conditions of the JVA, as detailed in **Appendix I** of this Announcement.

2.3 Background Information for the Proposed Development

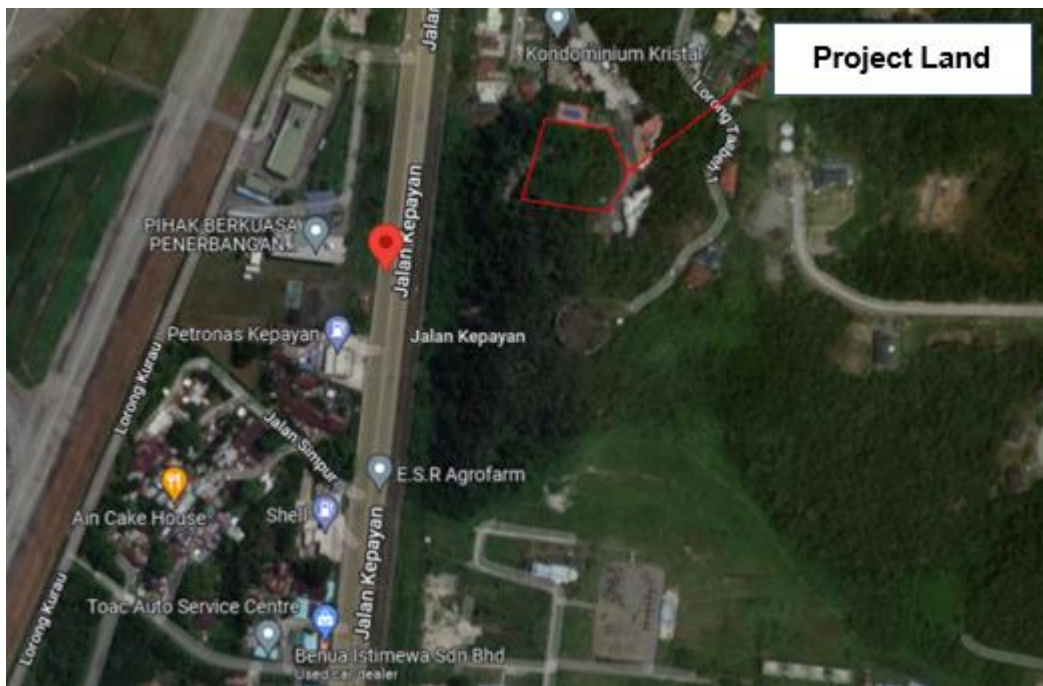
The salient details of the Proposed Development is as follows:-

Project	:	Development of 166 units of condominium
Total built-up area	:	1,317 sq. ft.
Estimated GDV	:	RM78.00 million
Estimated Gross Development Costs (" GDC ")	:	RM56.24 million
Estimated IPSB's Entitlement	:	Entitle to a minimum of RM10.8 million and up to RM11.3 million as set out in Section 2.2.
Expected Commencement and Completion Date of Development	:	Expected to commence in 4 th quarter 2022 span over a period of 3 years to 4 th quarter 2025

Status of Approvals for Development and Date Obtained : The building plan approval was obtained on 7 May 2021, valid up to 7 May 2022. Presently, IPSB has applied to Kota Kinabalu City Hall to extend the building plan approval from to 7 May 2022 to 7 May 2023, which the approval is still pending.

2.4 Background Information for the Project Land

The Project Land is located approximately 6.33 kilometre (“km”) south-west of Kota Kinabalu City Centre and about 4 km south-east of Tanjung Aru Town Centre. The Project Land is pentagonal but roughly squarish in shape and in terrain wise, it is slightly higher than main road and hilly along its east boundary. The surrounding of the Project Land covers residential estates, recreation facilities, and public amenities such as petrol stations as depicted on the map below.



Further details of the Project Land are as follows:-

Title No.	: TL 017549665
Location	: Fronting Jalan Kepayan and next to Kondominium Kristal, Kota Kinabalu, Sabah
Land Use Zoning	: Residential High Density, R (H)
Tenure	: Leasehold interest for a term of 99 years, expiring on 31 December 2097
Certified Land Area	: 0.647 hectares (1.60 acres)
Registered Owner	: IPSB
Encumbrances	: Nil
Market Value	: RM10,800,000

Conditions : Subject to the provisions and conditions contained in the Land Ordinance, Cap.68 and to special terms described herein.

2.5 Background Information of IPSB

IPSB, a wholly-owned subsidiary of Ipmuda Buildermart Sdn Bhd (“**Ipmuda Buildermart**”), was incorporated under the name as Perniagaan Maju Ramadhan Sdn Bhd in Malaysia on 22 January 1988 as a private limited company under Companies’ Act, 1965 (“**CA, 1965**”) and was deemed registered under the Companies Act, 2016 (“**Act**”) and subsequently changed its name to IPSB on 19 August 2011.

As at the 13 May 2022, being the latest practicable date prior to this Announcement (“**LPD**”), IPSB’s issued share capital is RM1,272,078, comprising 510,200 ordinary shares. The directors of IPSB are Jeeфри Bin Muhamad Yusup and Sarah Binti Azman. The principal activity of IPSB is to carry on the business of property development.

2.5.1 Background Information of Ipmuda Buildermart

Ipmuda Buildermart, a wholly-owned subsidiary of Jentayu Sustainables was incorporated under the name as Ipmuda (Sabah) Sdn Bhd in Malaysia on 18 December 1982 as a private limited company under CA, 1965 and was deemed registered under the Act and subsequently changed its name to Ipmuda Buildermart on 13 December 2002.

As at the LPD, Ipmuda Buildermart’s issued share capital is RM5,000,000, comprising 5,000,000 ordinary shares. The directors of Ipmuda Buildermart are Jeeфри Bin Muhamad Yusup and Adrian Lau Chee Hiong. Ipmuda Buildermart is principally engaged in the trading of building materials and medical supplies as well as all other activities in relation thereto.

2.6 Background Information of EDSB

EDSB, a wholly-owned subsidiary of Encorp Must Sdn Bhd (“**Encorp Must**”) was incorporated in Malaysia under the name of Karisma Angkasa Sdn Bhd on 1 November 2001 as a private limited company under CA, 1965 and was deemed registered under the Act and was subsequently changed its name to EDSB on 29 December 2005.

As at the LPD, EDSB’s issued share capital is RM250,000, comprising 250,000 ordinary shares. The directors of EDSB are Ezzuddin Bin Hassan and Hazurin Bin Harun. The principal activity of EDSB is to carry on the business of property development.

2.6.1 Background Information of Encorp Must

Encorp Must, a wholly-owned subsidiary of Encorp Berhad was incorporated in Malaysia on 10 January 1997 as a private limited company under CA, 1965 and was deemed registered under the Act.

As at the LPD, Encorp Must’s issued share capital is RM10,000,000, comprising 10,000,000 ordinary shares. The directors of Encorp Must are Mahazir Bin Mustafa, Mohd Ali Bin Abd Karim and Hazudin Bin Harun. The principal activities of Encorp Must are investment holding and property management.

2.7 Basis and Justification for IPSB's Entitlement

IPSB's Entitlement was arrived at on a willing-buyer and willing-seller basis after taking into consideration the following:

- (i) The prospects of the Proposed Development as described in Section 9.4 below;
- (ii) No significant capital commitment from IPSB to the funding of the Proposed Development as EDSB is responsible to provide the necessary funding and financing for the Proposed Development; and
- (iii) The market value of the Project Land of RM10.80 million based on a valuation report dated 4 January 2022 by an independent property valuer.

2.8 Liabilities to be Assumed

Save for the obligations and liabilities in and arising from and in connection to the implementation and completion of the Proposed Development, there are no other liabilities, contingent liabilities or guarantees to be assumed by Jentayu Sustainables pursuant to the Proposed JV Arrangement.

2.9 Estimated Financial Commitments

Save for the financial commitment required for the implementation and completion of the Proposed Development, Jentayu Sustainables is not expected to incur any other additional financial commitment in relation to the Proposed JV Arrangement.

2.10 Source of Funding

The financial commitment required for the implementation and completion of the Proposed Development will be funded by the Company internally generated funds.

For the avoidance of doubt, IPSB, being the landowner of the Project Land provides the absolute control and discretion of the Project Land to EDSB while EDSB has to provide the necessary fund and financing for the Proposed Development. The obligation of IPSB is limited to the cost of obtaining the approval of all plans, permits and licences necessary for the Proposed Development including the development plan and building plan. Therefore, reducing the financial commitment to be borne by Jentayu Sustainables.

3. RATIONALE FOR ENTERING INTO THE PROPOSED JV ARRANGEMENT

The Proposed JV Arrangement is anticipated to contribute positively to the future earnings and profitability of Jentayu Sustainables Group. Pursuant to the profit sharing under the Proposed JV Arrangement, the Group is expected to receive a minimum revenue of RM10.80 million or a maximum of RM11.30 million. Further, the Board believes that the Proposed JV Arrangement will enhance the cash flows and serve as a measure to address the immediate cash flow requirements of Jentayu Sustainables Group.

The Proposed Development, upon commencement, will be subject to market risk, industry risk and also economy risk which may affect the property development industry. The Proposed JV Arrangement will allow the Group to monetise the Project Land without incurring significant borrowings and enable to Group to receive minimum revenue of RM10.80 million.

4. RISK FACTORS

The Proposed JV Arrangement is subject to completion risk. The JVA is conditional upon fulfilment of the conditions precedent to the said agreement as disclosed in **Appendix I** of this Announcement.

There is no assurance that the conditions precedent can be fulfilled within the timeframe stipulated in the JVA. The completion of the Proposed JV Arrangement may be affected if the conditions precedent are not fulfilled within the stipulated timeframe.

Nevertheless, the Board shall endeavour to ensure that there is no delay in fulfilling all the conditions precedent by the parties concerned and should there be any delay beyond the agreed time period, the Board shall negotiate with the relevant parties to the JVA to mutually extend the said period prior to its expiry.

5. INDUSTRY OUTLOOK AND PROSPECT

5.1 Overview of Malaysian Economy

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%). Growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan (NRP). The improvement also reflected recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%).

All economic sectors recorded an improvement in the fourth quarter of 2021. The services sector turned around to expand by 3.2% (3Q 2021: -4.9%). Consumer-related activities continued to recover amid the reopening of the economy. This was reflected in the higher spending observed within the retail and recreational subsectors. The finance and insurance subsector also continued to grow, driven mainly by higher net insurance premiums. Growth in the information and communication subsector provided further support amid continued demand for data communications services, particularly for e-commerce and e-payment activities.

The growth trajectory for 2022 is based on further expansion in global and domestic economic activities, fuelled by broader vaccine coverage and a further improvement in goods trade amid a slower recovery in services trade. The domestic demand recovery is projected to continue in 2022, anchored by private consumption, following the gradual improvement in labour market conditions amid a relaxation of containment measures, improved consumer sentiments and spending from the vaccine rollout as well as targeted policy support for vulnerable households. Rapid progress in the vaccination programme is also expected to further supporting the recovery. Positive consumer and business sentiments and expected improvement in earnings will support the recovery in the labour market, albeit at a more modest level than the pre-pandemic period. The continuation of various initiatives to stabilise the labour market and high vaccination rates are expected to provide some relief for employers in retaining their workers. Thus, the nation's GDP is forecast to expand in the range of 5.5% – 6.5% in 2022.

(Source: Quarterly Bulletin Vol.36 No. 4, Bank Negara Malaysia, Economic Outlook 2022, Ministry of Finance)

5.2 Overview of the Property Industry in Malaysia

The property market showed signs of recovery following the implementation of various stimulus provided by the government, via Short-term Economic Recovery Plan namely Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN). The stimulus helped to sustain the confidence of the industry and households at large in coping with the impact of pandemic. In addition, initiatives introduced under Budget 2021 remained supportive to the property market.

The property market performance showed a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value compared to last year.

The residential, commercial and industrial sub-sectors saw an increase of 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded otherwise, decreased by 5.1%.

The residential sub-sector led the overall property market with 66.2% contribution in volume. This was followed by agriculture (18.9%), commercial (7.5%), development land and others (5.6%) and industrial (1.9%). The residential sub-sector again took the lead with 53.1% share, followed by commercial (19.3%), industrial (11.7%), agriculture (8.2%) and development land and others (7.7%).

(Source: Annual Property Market Report 2021, Valuation and Property Department, Ministry of Finance)

5.3 Overview of the Property Industry in Sabah

The state's property market rebounded in 2021 indicated by the higher volume and value of transaction as compared to last year performance. The review period registered 7,985 transactions with a total value of RM4.22 billion, increased by 28.3% in volume and 42.0% in value (2020: 6,226 transactions worth RM2.97 billion). Residential sub-sector continued to lead the overall market, accounting for 60.2% of the state's volume transactions, followed by agriculture (17.7%), commercial (12.3%), development land and others (7.1%) and industrial (2.8%) sub-sectors.

Market movements across all sub-sectors were on the uptrend. Residential, commercial, industrial, agriculture and development land and others sub-sectors increased by 20.6%, 58.1%, 12.9%, 38.9% and 38.7% respectively. Correspondingly, similar upward trend was depicted in term of value.

For residential property, there were 4,805 transactions worth RM1.94 billion recorded in the review period, increased by 20.6% in volume and 37.7% in value as compared to 2020 (3,984 transactions worth RM1.41 billion). Terraced houses remained the leading property type, accounting for 38.1% of the total residential transactions.

In terms of new launches, the primary market saw more number with 1,622 units, increased by 9.2% compared to 1,486 units launched in 2020. Sales performance for new launches recorded higher at 21.7% compared to 2020 (8.5%). Apartments and condominiums formed the bulk of the new launches, accounting for 68.9% (1,118 units) of the total.

The residential property prices in 2021 showed a mix movement across the board. By type, double storey terraced houses at several schemes in Kota Kinabalu increased between 2.6% and 9.4%. The high-rise segment witnessed mixed performance across the board. As at 2021P, the All House Price Index for the state stood at 183.1 points, increased by 2.6% from 178.5 points in 2020. The average All House Price for the state as at 2021P stood at RM469,529, increased from RM457,727 in 2020. The rental market was generally stable with upward movements recorded in favourable locations. The average gross yields for residential is in the range of 1.3% and 8.0%.

The state's property market is expected to sustain backed by the Sabah Maju Jaya Development Plan (SMJ Plan) 2021-2025 which has been implementing from 2021 to 2025. The Federal Government has allocated a development allocation of RM5.1 billion for the State of Sabah. These provisions include to build and upgrade water, electricity, roads, health and education facilities.

(Source: Annual Property Market State Report 2021, Sabah, Valuation and Property Department, Ministry of Finance)

5.4 Prospect of the Proposed Development

The Development Project would be subject to risks inherent in the property development business such as economic, market and political conditions and delays in commencement and completion. However, it is crucial to highlight that the IPSB's Entitlement is not subject to the sales of the Proposed Development, but to the timing of execution of the JVA and the completion of the Proposed Development.

Premised on the above and barring any unforeseen circumstances which may have an adverse impact on demand conditions for residential properties, the management of Jentayu Sustainables envisages that the Proposed JV Arrangement is a strategic move to mitigate the potential risks faced by the property development industry.

6. FINANCIAL EFFECTS

6.1. Issued Share Capital and Substantial Shareholders' Shareholdings

The Proposed JV Arrangement will not have any effect on the share capital and substantial shareholders' shareholdings of Jentayu Sustainables as the Proposed JV Arrangement does not involve any issuance of new Jentayu Sustainables shares.

6.2. Net assets ("NA") and gearing

The JVA is expected to be unconditional and the Proposed Development is expected to commence by the fourth quarter of 2022. Hence, the Proposed JV Arrangement will not have any effect on the NA per share and gearing of Jentayu Sustainables Group for the financial year ending 30 June 2022.

Nonetheless, the Proposed JV Arrangement is expected to contribute positively to the future earnings of Jentayu Sustainables arising from the profit sharing pursuant to the Proposed JV Arrangement. Any profit attributable to IPSB will be realised in stages based on the progress of the Proposed Development. Therefore, it is expected to enhance the NA of the Jentayu Sustainables Group in the future.

Further, EDSB is responsible to provide the necessary fund and financing for the Proposed Development and thus, there is no material impact on the gearing of Jentayu Sustainables Group.

6.3. Earnings

The JVA is expected to be unconditional and the Proposed Development is expected to commence by the fourth quarter of 2022. Hence, the Proposed JV Arrangement will not have any effect on the consolidated earnings and EPS of the Jentayu Sustainables Group for the financial year ending 30 June 2022.

Nonetheless, the Proposed JV Arrangement is expected to contribute positively to the future earnings of Jentayu Sustainables Group arising from the profit sharing pursuant to the Proposed JV Arrangement. Any profit attributable to IPSB will be realised in stages based on the progress of the Proposed Development. IPSB's Entitlement is as conveyed in **Appendix I** of this Announcement.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors or major shareholders or persons connected to the Directors or Major Shareholders has any direct or indirect interest in the JVA.

8. HIGHEST PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the listing requirements, the highest percentage ratio applicable to the Proposed JV Arrangement is approximately 24.95% computed based on IPSB's Entitlement of a maximum of RM11.30 million and the NA of Jentayu Sustainables based on its latest audited financial statements for the financial year ended 30 June 2021.

9. APPROVAL REQUIRED

The Proposed JV Arrangement does not require the approval of the shareholders of Jentayu Sustainables.

10. STATEMENT BY THE BOARD OF DIRECTORS

After taking into consideration the terms and conditions of the Proposed JV Arrangement, the rationale of the Proposed JV Arrangement and the prospects of the Proposed Development. The Board is of the opinion that the Proposed JV Arrangement is in the best interest of Jentayu Sustainables.

11. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED JV ARRANGEMENT

Barring any unforeseen circumstances and subject to all approvals and conditions precedent set out in the JVA being obtained and fulfilled, the Board expects the Proposed Development to commence in the fourth quarter of 2022 and to be developed over an estimated period of 3 years.

12. ADVISER

SCA has been appointed by Jentayu Sustainables to act as the Adviser for the Proposed JV Arrangement.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The JVA is available for inspection at the registered office of the Company at 12th Floor, Menara Symphony No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, 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 18 May 2022.

Appendix I – Salient Terms of the JVA

The summary of the salient terms of the JVA are as follows:

1. Joint Venture Development

- 1.1. For the purpose of the Joint Venture Development, the Proprietor hereby agrees to allow the Developer to develop and the Developer hereby agree to develop at the Developer's sole cost and expense the Project Land into residential estates by designing, planning, constructing, completing and commissioning all the buildings thereto including infrastructural works, access roads, drainage and other related housing amenities in accordance with the duly approved layout plans and specifications prepared by the Proprietor's Consultant and subject to the approval and/or variation made thereto by the relevant authorities and subject further to the terms and condition contained in the JVA.
- 1.2. For the avoidance of all doubts the Proprietor hereby expressly agrees and confirms that the Developer has absolute control and discretion in respect of the planning execution and completion and all other aspects of the Development.
- 1.3. For the purpose of the JVA, the parties hereto hereby agree with each other as follows:
 - (a) Upon execution of the JVA, the Proprietor shall simultaneously execute and deliver in favour of the Developer a valid and registrable Power of Attorney appointing the Developer as attorney for the Proprietor in respect of the Project Land for the Proposed Development.
 - (b) Where applicable the Developer shall be entitled to lodge a caveat on the Project Land at its own costs and expenses and the Developer shall upon the submission of the Title of the Project Land for issuance of individual and/or subsidiary titles in respect of the development units to the Relevant Authorities withdraw the caveat at its sole costs and expenses.
 - (c) In the event the Developer shall lodge a caveat as provided in clause 1.3(b) above, the Developer further agrees to execute a valid and registrable withdrawal of caveat in favour of the Proprietor and in the event of a lawful termination of this Agreement, the Proprietor is irrevocably authorised to present the same to the Land Registry for removal of the said caveat.

2. Parties Obligations

- 2.1. Obligation of the Developer
 - (a) to develop at the Developer's sole cost and expense the Project Land into residential estates by designing, planning, constructing, completing and commissioning all the buildings thereto including infrastructural works, access roads, drainage and other related housing amenities;
 - (b) to provide the necessary fund and financing for the Proposed Development;
 - (c) to be responsible for the marketing and all the matter related therewith to procure the sales of the Proposed Development;
 - (d) to be responsible for the sub-division of the Project Land or the relevant part thereof into sub-sidiary/divided titles in accordance with the Development Plan as approved by the relevant authorities;

- (e) to be responsible for all the procedural dealings with the relevant authorities in relation to the Project Land as may be deemed necessary or expedient for the completion and/or sale of the said Proposed Development and for such purposes, to pay the premium (if any) imposed by the relevant authorities;
- (f) To diligently construct and complete at the Developer's own cost and expense the Proposed Development hereof in a good and workmanlike manner and strictly in accordance with the approved development plans subject only to such modifications and amendments as may be approved by the relevant authorities;
- (g) to apply to the relevant authorities and obtain certificate of fitness for occupation in respect of the units comprised in the Proposed Development upon completion of the same;
- (h) to be responsible for the delivery of the vacant possession of the respective units in respect of the Proposed Development to the purchasers after issuance of certificate of fitness for occupation by the appropriate authority; and
- (i) to comply with all the relevant laws, by-laws and regulations for the time being in force.

2.2. Obligation of the Proprietor

- (a) at the Proprietor's sole cost to procure to procure and obtain the approval of all plans and permits relating to the for the Development Plan (DO) and Building Plan and shall without undue delay to sign and execute all such applications, building plans, specifications, drawings and all other documents pertaining to the Proposed Development.

3. Conditions Precedent

3.1 The coming into effect of the JVA is subject to and conditional upon the following conditions precedent being obtained and/or fulfilled within the period of Six (6) months from the date of the JVA with an automatic extension of One (1) month, subject to further extension of time if necessary to be agreed in writing by the parties, namely:

a. By the Proprietor:

- (i) The Proprietor obtaining the approval of its Boards of Directors for entering into the JVA with the Developer;
- (ii) The Proprietor obtaining the approval of its shareholders (of applicable) for entering into the JVA with the Developer; and
- (iii) To grant and register at the High Court and the relevant land office a full irrevocable Power of Attorney in favour of the Developer to carry out the Proposed Development on the Project Land subject to the content of the said Power of Attorney shall have been reviewed and agreed by the Developer.

b. By the Developer

- (i) The Developer obtaining the approval of its Board of Directors for entering into the JVA with the Proprietor;

Appendix I – Salient Terms of the JVA (Cont'd)

- (ii) The Developer obtaining the approval of its shareholders (if applicable) for entering into the JVA with the Proprietor;
 - (iii) The Developer to furnish Corporate Guarantee from its holding company for the guarantee of the prompt payment of the balance of Proprietor's Consideration Sum as provided in Schedule A of the JVA; and
 - (iv) The Developer shall secure a financing facility that is ready to be draw downed.
- 3.2. Upon the satisfaction or fulfilment of the last conditions precedent, the JVA shall become and is deemed to become unconditional (hereinafter refer as "the Unconditional Date").
- 3.3. In the event the conditions precedent are not fulfilled, the parties hereby agree that the JVA may be deemed terminated.
- 3.4. If the nonfulfillment of the conditions precedent is on the part of the Proprietor or contributed by the Proprietor, the Proprietor shall undertake and refund all money paid by the Developer to the Proprietor under the JVA within the period of Seven (7) business days upon termination of the JVA.
- 3.5. If the nonfulfillment of the conditions precedent is on the part of the Developer or contributed by the Developer, the Proprietor shall have the right to only forfeit the amount of Ringgit Malaysia Two Hundred Sixteen Thousand (RM216,000) only from the payment as in item (a) of the Schedule A and the balance of the amount of Ringgit Malaysia Eight Hundred Sixty Four Thousand (RM864,000) shall be refunded to the Developer within the period of Seven (7) days upon termination of the JVA and thereafter both parties shall have no further claim against each other.

PROVIDED ALWAYS that the Parties hereto shall be entitled to vary or waived any of the conditions precedent through mutual agreement whenever deemed fit.

4. Consideration

- 4.1. In consideration of the Proprietor agreeing to jointly develop the Proposed Development upon the terms and condition as herein appearing, the Developer hereby agree to pay to the Proprietor the amount of Ringgit Malaysia Ten Million Eight Hundred Thousand (RM10,800,000.00) only (hereinafter referred to as the "**Proprietor's Consideration Sum**") or the amount equivalent to Fifteen (15%) percentage of the GDV of the Proposed Development, whichever is the higher (hereinafter referred to as the "**Increased Consideration Sum**") provided always that the Proprietor's Increased Consideration Sum shall not exceed Ringgit Malaysia Eleven Million Three Hundred Thousand (RM11,300,000.00) only.
- 4.2. The Proprietor's Consideration Sum shall be paid as provided in Schedule A of the JVA.
- 4.2A Notwithstanding anything to the contrary, nothing herein shall prevent the Developer to pay the Balance of Proprietor's Consideration Sum in advance within 12 months from the date of this Agreement less any amount already paid by the Developer under this Agreement.
- 4.3. In the event the Proprietor shall be paid the Increased Consideration Sum, any amount in excess of Ringgit Malaysia Ten Million Eight Thousand (RM10,800,000.00) only, shall be paid together with the final payment sum as provided under item (e) in the Schedule A of this Agreement.

- 4.4. If the developer fails to pay any part of the Consideration Sum in accordance to the mode and manner of payment as stipulated above, the Proprietor shall be entitled to issue a written notice to the Developer for the unpaid monies and thereafter if the Developer shall fail to make the said payment within Seven (7) days of receipt of the written notice, the Developer shall pay to the Proprietor a late payment interest at the rate of eight per centum (8%) per annum to be calculated on a daily basis. PROVIDED THAT it will deem to be a default by the Developer under this Agreement in the event the delay shall be more than Thirty (30) days from the date the payment shall be due and payable, in such event the Proprietor shall be entitled at the Proprietor's absolute discretion to terminate the JVA by a written notice to the Developer.
- 4.5. The Developer hereby agrees and covenants to bear the Development Cost relating to the Development.
- 4.6. In consideration of the Developer agreeing to jointly develop the Proposed Development upon the terms and condition as herein appearing, the Developer shall have the right to all the sale proceeds of the Proposed Development being the consideration for the Developer under the JVA (hereinafter referred to as "**the Developer's Consideration**")

5. Delivery of Possession

- 5.1. As from the date of execution of the JVA the Developer shall be entitled to enter upon the Project Land or any part thereof from time to time with or without their contractors, surveyors, architects, workmen or agents to carry out survey and to commence earthworks, siteworks and such other works as the Developer shall consider necessary for or in connection with the Development of the Project Land in such manner as the Developer at its sole discretion deem fit.
- 5.2. The Proprietor shall deliver vacant and peaceful possession of the Project Land to the Developer upon the execution of the JVA free from all caveats, illegal squatter and/or any other persons occupying the Project Land to enable the Developer to mobilize force plant machinery and equipment for the construction works of the Proposed Development together with infrastructure works thereon at its sole cost and expenses.

6. Completion

The Developer shall complete any phase or phases of the Proposed Development as and when the Developer deems fit and keeps the Proprietor informed of the progress thereof. The Developer shall indemnify the Proprietor and keep the Proprietor indemnified fully on account of any claim, loss, damage, or detriment caused or sustained by or in connection with or arising from the non-completion or late completion of the said Proposed Development to the intending purchasers.

7. Particular Covenants by the Proprietor

Upon execution of the JVA, the Proprietor hereby agrees and undertakes:

- (a) To deliver all original signed reports which include approved development order(s), building plan, consultant reports, and all other documentations in relation to the Proposed Development to the Developer;
- (b) To co-operate to the fullest extent possible with the Developer and to render all assistance to the Developer to do all such reasonable things requested by the Developer as may be necessary to obtain the approval of all plans, permits and licences necessary for the Proposed Development and shall without undue delay to sign and execute all such

applications, building plans, specifications, drawings and all other documents pertaining to the Proposed Development;

- (c) To assist the Developer to procure the necessary approval (if required) for the transfer of any of the Project Land to intending purchasers;
- (d) To assist the Developer to procure wherever necessary the acquisition of land leading to the Proposed Development from the adjacent landowners, for the purposes of road access, easement and right of way;
- (e) To ensure that the Developer has free and unobstructed accessibility leading to the Project Land and any damage thereto before handing over the said road to the competent authorities shall be the responsibility of the Proprietor;
- (f) Not to enter into any contract with any third party upon signing of the JVA which may be inconsistent or in conflict with the rights of the Developer under the JVA without the prior consent of the Developer;
- (g) To settle all liabilities (if any) in relation to the Proposed Development including the payment due to the contractors and or consultants, quit rent assessments rates and other outgoings payable in respect of the said Project Land upon delivery of vacant possession of the Project Land to the Developer under Clause 5 hereof. Thereafter, the Developer shall be responsible for payment of the quit rent assessments rates and other outgoings imposed or to be imposed by the Government or such other competent authorities in respect of the Project Land. Such outgoings shall be apportioned between the parties hereto as at the date of delivery of vacant possession of the Project Land to the Developer;
- (h) That the Development Plan approval dated 11th February, 2020 and Building Plan approval dated 7th May, 2021 remained valid and enforceable;
- (i) That there shall be no previous sales and purchase agreements for the sale of the Project Land or any part thereof which is still subsisting;
- (j) That the Project Land is not subject to any caveats, easements, licences or any other rights or interest vested in third parties and claims or actions or from persons who had, prior to completion, purchased the Project Land or any part thereof and/or their financiers; and
- (k) That there shall be no squatters or villagers present or residing upon the Project Lands and vacant possession of the Project Land shall be delivered.

8. Particular Covenants by the Developer

Upon execution of the JVA, the Developer hereby agrees and undertakes: -

- (a) To abide by the relevant provisions wherever applicable as contained in the Housing Development (Control and Licensing) Rules 2008 and other related legislations and regulations thereunder.
- (b) Upon receipt of approval of the building plans to apply for the developer's licence under the Housing Development (Control and Licensing) Enactment 1978 (hereinafter to as "the Enactment") and the rules and regulations made thereunder and thereafter to obtain and procure all the necessary permits and licences including the advertisement permits.
- (c) Not to transfer, dispose, sell, lease, assign or deal in the Proposed Development in any manner whatsoever other than to deal in the manner as expressly provided for herein.

Appendix I – Salient Terms of the JVA (Cont'd)

- (d) To apply for the issue of separate documents of titles for the Proposed Development into individual parcels and the issue of separate individual subsidiary titles thereto in accordance with the Sabah Land Ordinance and the Land (Subsidiary Title) Enactment 1972 or any amendments thereto (If any). All costs and expenses incurred in connection with such applications, all premiums and other dues payable in respect thereof shall be borne and paid solely by the Developer.
- (e) It will during the continuance of the JVA allow the Proprietor and any officers and/or agents so authorised by the Proprietor at all reasonable time hereafter and after giving notice to the Developer to enter upon the Proposed Development to view the state and progress of the Development.

9. Termination

9.1. The JVA may be terminated upon occurrence of any of the following event: -

- (a) By the non-defaulting party, upon default by the other party in the performance of any of its obligations under the JVA, if not remedied within thirty (30) days thereof after receipt of written notice from the non-defaulting party;
- (b) If the appropriate authorities shall stipulate or impose such specific and onerous conditions (apart from such conditions as are now usually imposed in relation to the time for erecting buildings, the making of roads and the payment of rates) which are not acceptable to the Developer or if all necessary approvals from the appropriate authorities could not be obtained for the purpose of developing the Project Land into the Proposed Development within twelve (12) months from the date hereof;

In the event the Developer decides to terminate the JVA, the Proprietor agrees that the Developer shall be entitled to recover the Proprietor's Consideration Sum (if it has been paid) and all costs and expenses which have been incurred by the Developer and/or incidental to the enhancement of the value of the Project Land within three (3) months from the date of termination provided always that the enhancement of the value shall be supported by documentary evidences duly approved by a recognized firm of quantity surveyor to be jointly appointed by Parties.

- (c) By any party, upon the other party;
 - (i) making an assignment for the benefit of the creditors, being adjudged bankrupt, or becoming insolvent;
 - (ii) having reasonable petition filed seeking its dissolution or liquidation not stayed or dismissed within thirty (30) days; or
 - (iii) ceasing to do business for any reason whatsoever.

9.2. Upon termination of the JVA:

- a. neither party shall be discharged from any antecedent obligations or liabilities to the other party under the JVA unless otherwise agreed in writing by the parties; and
- b. the JVA shall be of no legal effect.

9.3. Nothing in the JVA shall prevent either party from enforcing the provisions thereof by such remedies as may be available in lieu of termination.

10. Notice of Termination

In the event of a material breach of the terms and conditions contained in the JVA by a Party hereto (the “**defaulting Party**”), the other Party (the “**aggrieved Party**”) if it wishes to terminate the JVA by reason of such material breach, shall first give to the defaulting Party (30) days prior written notice requiring the defaulting Party to remedy or rectify such breach within such thirty (30) days period to the satisfaction of the aggrieved Party, and if the defaulting Party fails or refuses to do so, the aggrieved Party shall be entitled after such thirty (30) days period to terminate the JVA by giving to the defaulting Party written notice of such termination whereupon the JVA shall be treated as terminated on the date of the said written notice of termination.

11. Consequence of Termination

11.1. if such breach or default shall not be made good or remedied by the Proprietor within the period as provided in the notice issued under Section 9 above, the Proprietor shall refund to the Developer all monies received by the Proprietor from the Developer pursuant to the JVA WHEREUPON the JVA shall be terminated and be null and void.

11.2. if such breach or default shall not be made good or remedied by the Developer within the period as in the notice issued under Section 9 above, the Proprietor shall have the right to forfeit an amount equivalent to two percent (2%) from the Proprietor’s Consideration Sum as agreed liquidated damages, and the Proprietor shall refund to the Developer all other monies received by the Proprietor from the Developer pursuant to the JVA WHEREUPON the JVA shall be terminated and be null and void.

11.3. If the JVA is terminated, each party shall compensate the other for losses suffered arising from or in relation to the termination of the JVA, including compensation for costs and damages associated with purchase of the equipment and goods, without prejudice to its right to other remedies at law or in equity except such termination is by the reason of force majeure stipulated in the JVA.

Schedule A of the JVA

The Proprietor’s Consideration Sum shall be paid in the following manner:

Item	Description	Amount (RM)	Estimated Timeline
(a)	Payment 1	1,080,000	Upon execution of the JVA
(b)	Payment 2	4,320,000	Within Seven (7) days from the 1st drawdown from the financing facility OR within Three (3) months from Unconditional Date as defined under Section 3.1 and 3.2 above, whichever is earlier.
(c)	Payment 3	2,160,000	Upon commencement of construction work or within sixty (60) days from (b) whichever is earlier.
(d)	Payment 4	1,620,000	Upon Fifty percent (50%) completion of certified construction work or Eighteen (18) months from (c) whichever is earlier.
(e)	Payment 5	1,620,000	Being the final payment upon completion of the Proposed Development or Thirty-six (36) months from (c) whichever is earlier.
Total		10,800,000	