

## **UEM SUNRISE BERHAD (“UEM SUNRISE” OR THE “COMPANY”)**

- (I) SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED SALE OF PART OF THE LAND HELD UNDER HS(D) 119301 PT 26689 IN MUKIM BATU, DAERAH KUALA LUMPUR MEASURING APPROXIMATELY 4.01 ACRES BY MEGA LEGACY (M) SDN BHD, AN INDIRECT SUBSIDIARY OF UEM SUNRISE, TO PEMBINAAN KERY SDN BHD FOR A TOTAL CONSIDERATION OF RM85.0 MILLION; AND**
  - (II) DEVELOPMENT RIGHTS AGREEMENT BETWEEN MEGA LEGACY (M) SDN BHD AND PEMBINAAN KERY SDN BHD WITH REGARD TO THE DEVELOPMENT OF PART OF THE LAND HELD UNDER HS(D) 119301 PT 26689 IN MUKIM BATU, DAERAH KUALA LUMPUR WHERE PEMBINAAN KERY SDN BHD GIVES MEGA LEGACY (M) SDN BHD THE DEVELOPMENT RIGHTS TO DEVELOP, MARKET AND SELL THE COMPLETED PROPERTIES ON THE LAND AT A DEVELOPMENT RIGHTS VALUE OF RM93.5 MILLION OR THE AGGREGATE OF LAND PURCHASE PRICE PLUS PEMBINAAN KERY SDN BHD’S ENTITLEMENT TO THE PROJECT PROFIT, WHICHEVER HIGHER.**
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### **1. INTRODUCTION**

The Company wishes to announce that:

- (I) Its indirect subsidiary, Mega Legacy (M) Sdn Bhd (“MLSB”) has on 11 September 2023 entered into a Sale and Purchase Agreement (“SPA”) for the proposed sale of part of the land held under HS(D) 119301 PT 26689 in Mukim Batu, Daerah Kuala Lumpur, commercially located in Kiara Bay, a mixed residential and commercial development located in Kepong, adjacent to the Kepong Metropolitan Park, measuring approximately 4.01 acres (“Land”), to Pembinaan Kery Sdn Bhd (“PKSB”), a wholly-owned subsidiary of Melati Ehsan Holdings Berhad (“MEHB”) for a total consideration of RM85.0 million (“Land Purchase Price”) (“Proposed SPA”); and
- (II) MLSB has on even date, entered into a Development Rights Agreement (“DRA”) with PKSB with regard to the development of the Land where PKSB gave irrevocable and exclusive rights to MLSB to develop the Land, market and sell the completed property units developed on the Land at a development rights value of (a) RM93.5 million; or (b) the aggregate of Land Purchase Price plus PKSB’s entitlement to the project profit, which is 20% of the project profit, whichever higher (“Development Rights Value”) (“Proposed DRA”).

The Proposed SPA and Proposed DRA are collectively referred to as the “New Proposals”.

Further to the above, UEM Sunrise has also dealt with the same party and/or persons connected with the party in the Proposed SPA and Proposed DRA during the preceding twelve (12) months prior to the date of this announcement as follows:

- (I) SPA between Nusajaya Heights Sdn Bhd (“NHSB”) and Sun Sakura Sdn Bhd (“SSSB”) for the sale of 538 subdivided plots (formerly known as part of HS(D) 580319 PTD 208515) in Mukim Pulau, District of Johor Bahru or Iskandar Puteri, Johor (“Iskandar Land 1”) for a total consideration of RM86.4 million signed on 19 May 2023 (“Iskandar SPA 1”); and
- (II) SPA between NHSB and Phoenix Legacy Sdn Bhd (“PLSB”) for the sale of HS(D) 358840 PTD 124159 measuring 2.7 acres in Mukim Pulau, District of Johor Bahru or Iskandar Puteri, Johor (“Iskandar Land 2”) for a total consideration of RM2.1 million signed on 19 May 2023 (“Iskandar SPA 2”).

Iskandar Land 1 and Iskandar Land 2 are collectively referred to as the “Iskandar Lands”. Iskandar SPA 1 and Iskandar SPA 2 are collectively referred to as the “Previous Land Sales”.

Under Paragraph 10.08(11)(o) of Chapter 10 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Previous Land Sales were not regarded as related party transactions (“RPT”) as the transactions were between NHSB and another person where there are no other interested relationships expect for a related party or persons connected, who is a director and major shareholder of MLSB. As such, no announcements were made in respect of the Previous Land Sales.

However, pursuant to Paragraph 10.12(2)(a) of Chapter 10 of the MMLR, the Previous Land Sales and New Proposals (collectively referred to as the “Proposals”) are to be aggregated as these transactions were entered into with the same party and/or persons connected with one another within a period of twelve (12) months, being Tan Sri Dato’ Yap Suan Chee and the persons connected to him. Future transactions involving the parameters set out in Paragraph 10.12 of Chapter 10, if any, will be monitored and disclosed accordingly.

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

## 2. DETAILS OF THE PROPOSALS

MLSB is selling the Land to PKSB on an ‘as is where is’ basis. The Land is free from encumbrances save for an existing tenancy arrangement on part of the Land. PKSB shall enter into a new tenancy arrangement with the existing tenant within two (2) weeks from the completion date of the SPA. As MLSB is the master developer for Kiara Bay, to maintain the development concept of Kiara Bay and its future components, the parties have decided to enter into the DRA to ensure that the development of the Land is consistent with Kiara Bay’s master development plan.

As stipulated under the DRA, PKSB will grant MLSB the exclusive and irrevocable right to develop the Land into a residential development and some supporting commercial units (“Project”). MLSB is also given the right to sell the completed properties. The consideration for the development rights is the Development Rights Value to be paid by MLSB to PKSB in the manner stipulated under the Proposed DRA.

The Previous Land Sales were in line with UEM Sunrise’s strategy during Triage, the first stage of the Company’s three-pronged turnaround strategic plan – Triage (2022-2023), Stabilise (2024-2025), Sustain (2026 and beyond) – where Triage is focused on among others, strengthening the Company’s financial performance and expediting new product launches. The proceeds will partly be used towards paring down debts and potentially accelerating land banking efforts in the Central region.

### PROPOSED SPA

#### 2.1 Land Purchase Price

- a. The Land Purchase Price will be satisfied as follows:

<u>Payment</u>		<u>Date of payment</u>	<u>Amount (RM)</u>
Deposit	15%	To be paid on or before the execution of the SPA. It will form part of the Land Purchase Price on the Unconditional Date.	12,750,000
Balance Purchase Price	85%	To be paid to MLSB on or before the expiry of the Completion Period.	72,250,000
<b>Total</b>	<b>100%</b>		<b>85,000,000</b>

- b. The SPA is conditional upon the following conditions precedent:

- Consent of the Economic Planning Unit (“EPU”) for the acquisition of the Land by PKSB (“EPU Consent”);
- Consent of MLSB’s existing financiers on the Proposed SPA (“Existing Financiers’ Consent”);
- Approvals from the Board of Directors and shareholders, if required, of both MLSB and PKSB on the Proposed SPA; and
- Execution of the Proposed DRA.

The conditions precedent are to be fulfilled within four (4) months from the date of the SPA ("Conditional Period"). The SPA becomes unconditional on the day in which the last of the conditions precedent are fulfilled in accordance with the SPA or waived by mutual agreement of the parties ("Unconditional Date"). If the conditions precedent are not satisfied within the Conditional Period, the parties shall within three (3) months from the expiry of the Conditional Period, discuss and mutually agree on whether the condition is met or to extend the Conditional Period ("Discussion Period") failing which, either party can terminate the SPA upon the expiry of the Discussion Period.

- c. PKSB will need to pay the Balance Purchase Price within four (4) months from the Unconditional Date ("Completion Period"). If the Balance Purchase Price is not paid at the expiry of the Completion Period, MLSB will give a 30-day automatic extension for PKSB at an interest rate of 8% p.a. until such time the Balance Purchase Price is paid in full. The Proposed SPA is completed on the day that the Balance Purchase Price is paid in full ("Completion Date"). Possession is deemed delivered to PKSB by MLSB within fourteen (14) business days from the Completion Date.
- d. MLSB covenanted in the Proposed SPA that it will, among others, maintain its role as Kiara Bay's master developer, provide the relevant infrastructures as provided for under the Proposed SPA and procure the issuance of the new land title for the Land within twenty-four (24) months from the SPA date with an automatic extension of three (3) months.
- e. PKSB covenanted in the Proposed SPA that it will, among others, ensure reasonable care not to damage the lands adjacent to the Land, bear its own costs in constructing internal infrastructures, not construct any building or structure on the Land unless it is in accordance with the development parameters set out by MLSB, submit all marketing materials to MLSB for review and verification to ensure that they do not go against MLSB's rights and obligations as master developer and not use MLSB's sales gallery at Kiara Bay without its prior written consent.
- f. In view of the Proposed DRA, the covenants stated in 2.1(d) and 2.1(e) above are only applicable if the Proposed DRA is terminated. The parties agree that if there are inconsistencies between the terms of the SPA and DRA, the terms of the DRA will prevail.
- g. If PKSB intends to sell the Land to a third party, MLSB has the first right of refusal to purchase the Land at a price and terms not less favourable than the offer made to the third party. If the third party is a related party of PKSB, this first right of refusal shall be exercisable by MLSB at the prevailing market value as assessed by an independent valuer.
- h. MLSB can terminate the SPA if PKSB defaults on the Land Purchase Price. Upon termination, the Deposit will be forfeited as agreed liquidated damages, and PKSB will need to withdraw any caveat lodged on the Land and re-deliver vacant possession (if it has been delivered to PKSB). MLSB will also return to PKSB any part of the Balance Purchase Price it has received from PKSB.
- i. PKSB can terminate the SPA if MLSB refuses to complete the transaction in accordance with the provisions of the SPA. Thereon, PKSB must withdraw any caveat lodged and re-deliver vacant possession if delivered. MLSB must return the Deposit and any part of the Balance Purchase Price paid and pay an additional sum equivalent to the Deposit as agreed liquidated damages.
- j. Notwithstanding, either party may compel the other by way of specific performance to complete the transaction as per the terms under the SPA.

## 2.2 Basis and justification for the Land Purchase Price

The Land Purchase Price was arrived at on a willing buyer willing seller basis after taking into consideration the market valuation of the Land as appraised by Messrs Rahim & Co. in its valuation certificate dated 20 February 2023 of RM85.0 million. In arriving at the market value of the Land, the valuer adopted the comparison method. It entails comparing the Land with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing, adjustments were made for differences in attributes and factors such as location, accessibility, size, land tenure, title conditions and restrictions, designated use, improvements and amenities, time element and other relevant factors to arrive at the value of the Land.

## 2.3 Information on the Land

The Land, which forms part of the leasehold land with its expiry date on 29 December 2112 held under HS(D) 119301 PT 26689 in Mukim Batu, Daerah Kuala Lumpur, measures approximately 4.01 acres with category of use of 'Bangunan'. It is a commercial zoned land and cannot be transferred, leased, collateralised or securitised without the consent of the 'Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur'.

Commercially, the Land is located in Kiara Bay, near the Kepong Metropolitan Park, approximately 13 kilometres ("km") northwest of the Kuala Lumpur City Centre. Codenamed Plot 9 in the Kiara Bay development master plan, the Land is directly accessible from the Kuala Lumpur Middle Ring Road Two and Jalan Kepong. A 2.5-km spine road called Persiaran Putra Bayu connects to Jalan Kepong allowing users to commute to the nearest MRT stations i.e. the Kepong Baru MRT Station and Jinjang MRT station, both part of the Sungai Buloh-Serdang-Putrajaya Line. The Land is also within proximity of The Beat, Kiara Bay's latest waterfront retail and F&B outlets and is within walking distance of Kiara Bay's first residential development; Residensi AVA, which is sold out and currently under construction. The net book value for the Land as of 31 December 2022 is RM71.1 million. Its original cost of investment is RM36.9 million as of 13 April 2018.

Under the Proposed DRA, MLSB's role is to develop the Land. At this point in time, the Company has yet to ascertain the Project's total development cost and potential gross development value. Any approval to be obtained in relation to the Project has yet to be identified. The source of funds to finance the Project is detailed out in paragraph 2.8 below.

The location map of the Land is attached as **Appendix 1**.

## 2.4 Liabilities to be assumed

There are no liabilities to be assumed by UEM Sunrise arising from the Proposed SPA.

## 2.5 Additional financial commitments required

There are no additional financial commitments which UEM Sunrise is expected to incur in relation to the Proposed SPA.

## PROPOSED DRA

### 2.6 Salient terms of the Proposed DRA

*Agreed Proportion* : Both MLSB and PKSB shall share the Project profit in the following agreed proportion:

- a. MLSB – 80%
- b. PKSB – 20%

- Exclusive Development Right* : Subject to the completion of the SPA and in consideration of the terms of the Proposed DRA, PKS B grants MLSB the sole and exclusive irrevocable right to develop the Land and to sell the units upon the completion of the Project. MLSB accepts the right granted by PKS B.
- Power of Attorney* : a. Simultaneously with the completion of the SPA, PKS B shall grant a limited power of attorney to MLSB.
- b. If required by the relevant authorities, at the request of MLSB, PKS B shall execute a further power of attorney in favour of MLSB necessary for MLSB to carry out its obligations under the Proposed DRA.
- Nature of Development* : Parties agree that the Land shall be developed into a residential development, subject to a few supporting commercial units as may be deemed desirable by MLSB. The type, nature, design and timeline of the Project shall be determined solely by MLSB taking into consideration the prevailing market conditions and sentiments.
- Minimum Guaranteed Value* : Land Purchase Price + 10% of Land Purchase Price.
- Development Rights Value* : a. First Payment is 10% of the Minimum Guaranteed Value to be paid to PKS B within fourteen (14) business days from the official launch of the Project.
- b. Final Payment is:
- 90% of the Minimum Guaranteed Value; OR
  - Land Purchase Price + 20% of the actual Project profit less First Payment,
- whichever higher.
- Unsold Units* : Any unit which remains unsold as at the time of the delivery of vacant possession of the units shall be deemed to have been sold to MLSB at a price equivalent to the net selling price listed for the relevant unsold units and shall be included as part of the sales proceeds of the Project.
- Events of Default* : Each of the event or circumstance below if not remedied within twenty-one (21) business days after a notice to rectify is issued by the non-defaulting party, is an Event of Default:
- a. MLSB fails to pay the Development Rights Value or any part thereof to PKS B as and when payment is due in accordance with the DRA.
  - b. Resolution is passed for the winding-up of a party, or a court order is made for the winding-up or appointment of a liquidator, receiver or manager of a party.
  - c. Any execution or distress which is levied and/or enforced against any of the property or asset of a party.
  - d. Party suspends or ceases to carry on all or a material part of its business.
  - e. Party fails to comply with any provision of the DRA; the performance or compliance of which is incumbent upon that party.
  - f. Party breaches any of the warranty set out in the DRA.
  - g. Proposed SPA is terminated or fails to be completed in accordance with the terms.

**Termination** : Where the party seeking termination is the non-defaulting party, it may refer the matter to a mutually appointed mediator for the parties to resolve the default amicably within three (3) months from the occurrence of an Event of Default, failing which:

- a. The non-defaulting party may issue a notice of termination to the defaulting party and the defaulting party shall need to pay the outstanding Development Rights Value (if the defaulting party is MLSB) or take action for damages for loss suffered by the breach or omission (if the defaulting party is PKSB).
- b. In lieu of exercising its rights of termination as set out in (a) above, the non-defaulting party may elect to take legal action.

## 2.7 Basis and justification for the Development Rights Value

The Development Rights Value was mutually agreed by the parties after taking into account, the role and risks undertaken by MLSB as the developer and PKSB as the landowner. While waiting for the Land to be developed, MLSB agreed to compensate PKSB with the Minimum Guaranteed Value. The profit sharing in the Agreed Proportion was decided after taking into consideration the risks undertaken by MLSB as the developer including but not limited to development risks, funding risks, take-up risks and cashflow risks.

## 2.8 Source of funding

The Development Rights Value are expected to be funded via internally generated funds and/or bank borrowings (if necessary), in addition to future cash inflows from the Project, where possible. The exact funding mix will be decided by the management at a later stage after taking into consideration the UEM Sunrise group's overall construction cost, gearing level, interest costs as well as internal cash requirements for the group's operations.

## 2.9 Liabilities to be assumed

There are no liabilities to be assumed by UEM Sunrise arising from the Proposed DRA.

## 2.10 Additional financial commitments required

There are no additional financial commitments which UEM Sunrise is expected to incur in relation to the Proposed DRA, save for bank borrowings to be incurred to fund the development of the Project and payment of the Development Rights Value, if any.

## PREVIOUS LAND SALES

### 2.11 Salient terms of the Previous Land Sales

- a. A snapshot of the Iskandar Lands 1 and Iskandar Land 2 is as follows:

<u>SPA</u>	<u>Vendor</u>	<u>Purchaser</u>	<u>Area (acre)</u>	<u>PTD No / HS(D)</u>	<u>Price (RM)</u>	<u>Status</u>
Iskandar SPA 1	NHSB	SSSB	66.08	538 individual titles	86,353,344.00	On-going conditional period
Iskandar SPA 2	NHSB	PLSB	2.665	HS(D) 358840 PTD 124159	2,100,000.00	On-going conditional period
			<u>68.745</u>		<u>88,453,344.00</u>	

Iskandar Land 1 has been subdivided into 538 individual titles following the land's 'Kebenaran Merancang' (KM) approval for a mixed residential development and the 'Serah Balik Kurnia Semula' (SBKS) approval. The land use for 379 titles from the total 538 titles are for double-storey terrace houses followed by sixty-five (65) titles for double-storey shophouse, forty-two (42) titles for three-storey shop houses, forty-three (43) titles for medium cost shophouses and three (3) titles for Rumah Mampu Biaya Johor. The remaining five (5) titles consist of a mix of high-tension cable and Tenaga Nasional Berhad's ("TNB") main switching station ('stesyen suis utama' or SSU).

- b. Payment terms for Iskandar SPA 1 and Iskandar SPA 2:

<u>SPA</u>	<u>Payment</u>		<u>Date of Payment</u>	<u>Price (RM)</u>
Iskandar SPA 1	Earnest Deposit	2%	Paid before signing the SPA.	1,727,066.88
	Balance Deposit	8%	Paid upon signing the SPA.	6,908,267.52
	Balance Purchase Price	90%	Three (3) months from the Unconditional Date or 31 December 2023, whichever later.	77,718,009.60
Iskandar SPA 2	Earnest Deposit	2%	Paid before signing the SPA.	42,000.00
	Balance Deposit	8%	Paid upon signing the SPA.	168,000.00
	Balance Purchase Price	90%	Three (3) months from the Unconditional Date or 31 December 2023, whichever later.	1,890,000.00
				88,453,344.00

- c. NHSB granted a limited Power of Attorney ("LPOA") for both Iskandar SPA 1 and Iskandar SPA 2 upon the execution of the agreements. This is to enable SSSB/PLSB to apply and submit applications to the relevant authorities for the development order and/or building plans approvals pertaining to the development intended to be carried out by SSSB/PLSB. No actual or physical works may be carried out prior to completion of the sale and purchase of the Iskandar Lands.
- d. The Previous Land Sales are conditional upon the following conditions precedent:
- Iskandar SPA 1:
- EPU's approval for the sale and purchase of the Iskandar Land 1 obtained by SSSB ("EPU Approval"); and
  - Approval for the transfer of the SBKS Approval from NHSB to SSSB ("Approval for the transfer of SBKS Approval") being obtained by NHSB.
- Iskandar SPA 2:
- Approval of the relevant State Authority for the transfer of the Iskandar Land 2 from NHSB to PLSB ("State Approval"); and
  - Completion of the Iskandar SPA 1 and registration of transfer of the Iskandar Land 2 to SSSB.
- e. The conditions precedent of Iskandar SPA 1 and Iskandar SPA 2 need to be fulfilled within six (6) months and nine (9) months, respectively from the SPA date or such other period as mutually agreed between the parties ("Iskandar SPA Conditional Period"). Both SPAs become unconditional on the date that the final condition precedent is fulfilled for each of the SPA. This last date is referred to as the "Unconditional Date for Iskandar SPA 1" and "Unconditional Date for Iskandar SPA 2", respectively.

- f. If any of the conditions precedent is not obtained within the Iskandar SPA Conditional Period, both SPAs will lapse, and:
- NHSB will refund the Deposit paid to SSSB and PLSB, where relevant; and
  - SSSB and PLSB will return the Iskandar Land's transfer forms and other documents in respect of the Iskandar Lands to NHSB, and remove private caveats lodged on the Iskandar Lands, if any. Iskandar SPA 1 and Iskandar SPA 2 will then be terminated and be of no further effect.
- g. Iskandar SPA 1 and Iskandar SPA 2 have three (3) months from the Unconditional Date for Iskandar SPA 1 and Unconditional Date for Iskandar SPA 2, respectively, or by 31 December 2023, whichever later ("Iskandar SPA Completion Date") for the full settlement of the purchase price. NHSB will grant SSSB and PLSB an automatic extension of time of one (1) month from the expiry of the Iskandar SPA Completion Date ("Extended Completion Date") subject to SSSB and PLSB paying NHSB late payment interest at the rate of 8% p.a.
- h. Both NHSB and SSSB/PLSB have the right to terminate the Previous Land Sales prior to the date of the presentation of the transfer forms based on these events of defaults:

**Defaults by SSSB/PLSB**

1. Not pay any part of the purchase price or other sum due and payable as they become due; and
2. Breach of their representations, warranties, covenants, undertakings, or obligations under the Previous Land Sales agreements.

**Defaults by NHSB**

1. Breach of representations, warranties, covenants, undertakings, or obligations under the Previous Land Sales Agreement.

If the parties fail to remedy the breach within fourteen (14) business days from the date of receipt of a written notice from either party, either party may terminate Iskandar SPA 1 and Iskandar SPA 2, the consequences of which are as follows:

**IF NHSB terminates**

1. NHSB will forfeit the Deposit as agreed liquidated damages.
2. NHSB will return all monies paid by SSSB/PLSB except for the Deposit.
3. SSSB/PLSB will re-deliver the transfer forms and all other transfer related documents, withdraw private caveat on the Iskandar Lands, re-deliver vacant possession of the lands and re-transfer SBKS Approval to NHSB (for Iskandar SPA 1 only) and revoke the LPOA.

**IF SSSB/PLSB terminate**

1. NHSB must pay a sum equal to the Deposit to SSSB/PLSB.
2. NHSB will return all monies paid by SSSB/NHSB.
3. Similar to the position if NHSB terminates.

**2.12 Basis and justification for the purchase price of the Previous Land Sales**

The purchase price for the Previous Land Sales was arrived at on a willing buyer willing seller basis after taking into consideration the market valuation of the lands as appraised by Messrs Knight Frank Malaysia Sdn Bhd for Iskandar Land 1 and Asian Pullprop Sdn Bhd for Iskandar Land 2 in their valuation certificates dated 16 October 2020 and 18 July 2023 of RM73.0 million and RM3.5 million respectively.



The market value for the Iskandar Land 1 was based on the assumption that the proposed layout plan is approved with planning approval issued and all relevant premiums paid. For Iskandar Land 2, the valuer adopted the comparison method of valuation and considered factors such as location, plot size, improvements made (if any), surrounding developments, and the availability of facilities and amenities, in deriving at the market valuation in line with the Malaysian Valuation Standards.

For Iskandar Land 1, the purchase price represents a premium of RM13.3 million or 18% over the fair market value. For Iskandar Land 2, the purchase price was slightly lower than its market valuation by approximately RM1.4 million or 40% below the fair market value as the net developable area for the land has diminished with unavoidable encumbrances further explained in 2.13 below. Regardless, both Iskandar SPA 1 and Iskandar SPA 2 combined contribute positively towards the profitability of the Company.

## **2.13 Information on Iskandar Land 1 and Iskandar Land 2**

### **Iskandar Land 1**

The land is freehold and fronts the Jalan Gelang Patah road in Iskandar Puteri, Johor. It is located opposite of the Nusa Cemerlang Industrial Park, next to phase 3 of the Southern Industrial and Logistics Clusters (“SiLC”) and existing KTM railway freight track heading towards the Port of Tanjung Pelepas Terminal. The land is located 24 km from the Johor Bahru city centre via the Coastal Highway.

The land was approved for the development of double-storey terrace houses, three-storey shop offices, double-storey shop offices and affordable components relating to Rumah Mampu Milik Johor. SSSB plans to develop Iskandar Land 1 as per the approved Kebenaran Merancang i.e. development planning approval obtained by UEM Sunrise. The Company has decided not to proceed with the development of the land as it intends to focus and prioritise other identified high value projects and utilise its resources on new and future phases of existing developments. This is to build on its branding and reputation whilst ensuring continuity in the look and feel of existing developments, befitting the Company’s role as master developer for Iskandar Puteri. The net book value for Iskandar Land 1 as of 31 December 2022 is RM76.2 million. Its original cost of investment is RM18.9 million in 1995.

### **Iskandar Land 2**

It is a pocket land located in Iskandar Puteri, next to SiLC’s phase 3, fronting both the Jalan Gelang Patah road and Lebuhraya Kota Iskandar. It is located 24 km from the Johor Bahru city centre via Coastal Highway. Iskandar Land 2 is a freehold agricultural land, zoned for industrial use. PLSB plans to keep the land for future development.

The land has physical encumbrances. The tip of the land was utilised by the Malaysian Public Works Department i.e. JKR for the construction of a road and traffic light. TNB on the other hand, installed a compact substation within the land boundary, and four (4) TNB connection posts for the Underground High Voltage cable and Culvert and water body across the land for the discharge flow from SiLC and J4 road to the existing 20-metre main drain. These encumbrances cause the developable area of the land to be at 0.48 acres only from a gross area of 2.66 acres. The net book value for Iskandar Land 2 as of 31 December 2022 is RM3.6 million. Its original cost of investment is RM373,435 in 1995.

The location maps of Iskandar Land 1 and Iskandar Land 2 are attached as **Appendix 2**.

## **2.14 Liabilities to be assumed**

UEM Sunrise group will not be assuming any liability, including contingent liabilities or guarantees pursuant to the Previous Land Sales.

## **2.15 Additional financial commitments required**

UEM Sunrise group is not expected to incur any additional financial commitment in relation to the Previous Land Sales.

### **3. INFORMATION ON THE PURCHASERS**

#### **PKSB**

PKSB was registered as a private company limited by shares on 7 February 1994 in Malaysia under the Companies Act 2016. Its present share capital is RM10,000,000.00 divided into 10,000,000 ordinary shares and its principal activity is Turnkey and General Contractor. Its Directors are Dato Mohd Zain bin Yahya, Tan Sri Dato' Yap Suan Chee, En Radzulai bin Yahya and Datuk Ir. Leong Chee Kian. PKSB is a wholly-owned subsidiary of MEHB.

#### **SSSB**

SSSB was registered as a private company limited by shares on 20 March 2015 in Malaysia under the Companies Act 2016. Its present share capital is RM500,000.00 divided into 500,000 ordinary shares and its principal activity is activities of holding companies. Its Directors are Mr Yap Wei Sam, Mr Yap Beow Teong, En Siepudin bin Kasim and Cik Suriaty binti Mohamed Yahya. The shareholders are Mr Yap Wei Sam and Mr Yap Wei Min owning 50% each of SSSB's total equity.

#### **PLSB**

PLSB was registered as a private company limited by shares on 20 November 2011 in Malaysia under the Companies Act 2016. Its present share capital is RM10.00 divided into 10 ordinary shares and its principal activity is activities of holding companies. Its Directors are En Fazrol bin Sapuan, Mr Yap Beow Teong and Mr Yap Wei Sam. The majority shareholder is Mr Yap Wei Sam with present share capital of RM8.00 comprising 8 ordinary shares.

### **4. INFORMATION ON THE VENDORS**

#### **MLSB**

MLSB was registered as a private company limited by shares on 14 June 1994 in Malaysia under the Companies Act 2016. Its present share capital is RM256,560,262.12 divided into 1,000,001 ordinary shares. Its principal activities are property development and investment. Its Directors are Pn Zaida Khalida binti Shaari, En Sufian bin Abdullah, En Azmy bin Mahbot, Tan Sri Dato' Yap Suan Chee (Alternate Director: Mr Yap Wei Sam) and Mr Lim Tong Hee (Alternate Director: Mr Chan Chee Yean). Its shareholders are Sunrise Berhad which currently holds 50% + 1 share in MLSB and Mega Legacy Equity Sdn Bhd ("MLESB"), which holds 50% shareholding in MLSB. MLSB is a subsidiary of Sunrise Berhad, which in turn is a wholly-owned subsidiary of UEM Sunrise.

#### **NHSB**

NHSB was registered as a private company limited by shares on 6 September 1994 in Malaysia under the Companies Act 2016. Its present share capital is RM50,744,423.00 divided into 3,308,478 ordinary shares. Its principal activities are property development, land trading and investment holding. Its Directors are Dato' Mohammad Imran bin Ismail, En Saniman bin Md Apandi and En Muhammad Safwan bin Mohd Shukri. NHSB is a wholly-owned subsidiary of Bandar Nusajaya Development Sdn Bhd, which in turn is a wholly-owned subsidiary of UEM Land Berhad and in turn, wholly-owned by UEM Sunrise.

### **5. RATIONALE FOR THE PROPOSALS**

- 5.1** The Proposed SPA allows the UEM Sunrise group to repay its debt obligations whilst partly utilise the proceeds for MLSB's working capital in view of the upcoming new product launch, Residensi ZIG, in Kiara Bay tentatively scheduled in the third quarter of this year.
- 5.2** The Proposed DRA allows the UEM Sunrise group a degree of control over the development of the Land, considering that the Land will no longer be owned by MLSB. In its role as the master developer of Kiara Bay, it is vital for MLSB to uphold development concepts which align to the current Kiara Bay's conceptual and development master plan. Kiara Bay has a balance estimated development period of another 17 years.

- 5.3 Concurrently, the Proposed DRA is also seen as a tool to facilitate in minimising potential conflict, which may arise in relation to the usage of common facilities and space in Kiara Bay, among others, likely affecting the Kiara Bay branding.
- 5.4 The payment of the Development Rights Value will only occur near the official launch of the Project. This gives MLSB time to arrange and manage its cashflow commitment.
- 5.5 The Previous Land Sales are anticipated to be completed before the end of this year allowing the UEM Sunrise group to potentially recognise them for the group's financial results for the financial year ending 31 December 2023.

## **6. UTILISATION OF PROCEEDS**

Proceeds from the Proposed SPA and Previous Land Sales will be utilised towards UEM Sunrise group's debt repayment, MLSB's working capital and the group's funding and/or investment requirement, the total proceeds of which, are anticipated to be utilised within the next two (2) years.

## **7. RISK FACTORS**

### **7.1 Development Risks**

The Project is subject to some risks that are inherent to the property development industry. These include, but are not limited to shortages of labour, increase in labour costs, shortages and fluctuation of building material price.

UEM Sunrise will take the necessary steps to ensure that the development risk will be mitigated through internal controls and will take the necessary steps to mitigate the risks should they arise.

### **7.2 Non-Completion of the Proposals**

The completion of the Proposals is subject to amongst others, the fulfilment and/or waiver of the conditions precedent by the relevant parties and fulfilment of their respective obligations as set out in the agreements, including the payment of the purchase price.

The Company will ensure that every effort is made to obtain all the necessary approvals for the Proposals in fulfilling the conditions precedent. The Proposals are in the best interest of the UEM Sunrise group and falls under the group's ordinary course of business.

### **7.3 Take-up Risk**

Market volatility poses potential challenges to the take-up rate of the Project, thereby potentially impacting the overall Project profitability and its return. The market absorption of the launched units is dependent on the general economy, property market conditions and level of supply in the market. UEM Sunrise envisaged that the Project will be successful given its successful track record in Kiara Bay. However, there can be no assurance that any adverse downturn of the property market will not affect the saleability of the Project.

### **7.4 Funding and interest rate risk**

Regardless of the Proposals and pending Project, the group's ability to arrange for financing and the cost of such financing are dependent on numerous factors, including the general economic and capital market conditions, interest rates, credit availability from banks or other lenders, political, social and economic conditions in Malaysia. The group is of the view that the effect of the increase in Bank Negara Malaysia's overnight policy rate which as of to-date stands at 3.00% is within market expectation.

There can be no assurance that the necessary financing will be available in the amounts or on terms acceptable to the group. UEM Sunrise could potentially be exposed to fluctuation of interest rates leading to higher borrowing costs, which may affect UEM Sunrise's future results of operations, financial performance and ability to service future loan repayment obligations. To mitigate these risks, the Company will continuously monitor and review its debt portfolio, which includes taking into consideration its gearing level, interest cost as well as cashflow requirement. It continues to exercise diligence to ensure that the group attains its optimal capital structure and manage its operations prudently and effectively.

## **8. FINANCIAL EFFECTS OF THE PROPOSALS**

### **8.1 Issued and paid-up share capital and shareholdings of substantial shareholders**

The Proposals will not have any effect on the issued and paid-up share capital and/or substantial shareholders' shareholding of MLSB, NHSB and UEM Sunrise. It does not involve the issuance of any share by MLSB, NHSB and UEM Sunrise. Consequently, it will not have any effect on UEM Sunrise and/or its group.

### **8.2 Earnings and Earnings per Share ("EPS")**

The Proposed SPA and Previous Land Sales are expected to contribute positively to the earnings and EPS of the UEM Sunrise group in the immediate future. Using the audited financial statements for the year ended 31 December 2022 ("FY2022") as a basis, assuming that all other factors remain constant, UEM Sunrise group's earnings and EPS can potentially increase by 48%. Note however that the Proposed SPA is expected to complete in the financial year ending 31 December 2024, while the Previous Land Sales are anticipated to be completed in the financial year ending 31 December 2023 ("FY2023").

The Proposed DRA is expected to contribute positively to the UEM Sunrise group with revenue and profits to be recognised progressively in line with the progress of the Project. As of to-date, the launching programme has yet to be determined.

### **8.3 Net assets, net assets per share and gearing**

The Proposals will not have any material effect on the consolidated net assets of the UEM Sunrise group for FY2023 and are anticipated to have no impact on the group's gearing for FY2023. The Project to be constructed on the Land under the Proposed DRA is expected to be funded via a combination of internally generated funds and bank borrowings, thereafter self-funded from the sales of the Project. Impact on gearing following the commencement of the Project is expected to be minimal.

## **9. APPROVALS AND/OR CONSENTS REQUIRED**

The Proposals are conditional upon the Proposed SPA and Previous Land Sales becoming unconditional and are subject to the following approvals being obtained (where applicable):

### **9.1 Proposed SPA**

- a. EPU Consent;
- b. Existing Financiers' Consent; and
- c. MLSB's and PKSB's Board of Directors and shareholders' approval.

### **9.2 Previous Land Sales**

- a. EPU Approval for Iskandar Land 1;
- b. Approval for the transfer of SBKS Approval for Iskandar Land 1;
- c. State Approval for Iskandar Land 2; and
- d. Registration of transfer of Iskandar Land 2 to SSSB.

The Proposed SPA is also conditional upon the execution of the Proposed DRA, while the completion of Iskandar SPA 1 is a condition of Iskandar SPA 2. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by UEM Sunrise.

Barring any unforeseen circumstances, the applications to the relevant regulatory authority in relation to the EPU Consent for the Proposed SPA will be made within one (1) month from the date of this announcement.

The application to the relevant authorities for the Previous Land Sales were submitted within two (2) months from date of the agreements and are currently in various stages of approval.

#### **10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

Save as disclosed below, none of the Directors and major shareholders of UEM Sunrise and/or persons connected to them have any interest, direct and/or indirect, in the Proposals.

Tan Sri Dato' Yap Suan Chee is a Director and a substantial shareholder of MLSB via MLESB. PKSB is a wholly-owned subsidiary of MEHB. Tan Sri Dato' Yap Suan Chee is the Executive Chairman and Director of MEHB. Collectively with the persons connected to him, Tan Sri Dato' Yap Suan Chee is a substantial shareholder of MEHB.

In view of the above, Tan Sri Dato' Yap Suan Chee and the persons connected to him are deemed interested in the Proposals. As such, Tan Sri Dato' Yap Suan Chee has abstained from deliberating and voting on any resolution pertaining to the Proposals at any Board meeting.

Note that Tan Sri Dato' Yap Suan Chee does not have any direct or indirect interest in UEM Sunrise.

#### **11. AUDIT COMMITTEE'S STATEMENT**

After having considered all aspects of the New Proposals, the Audit Committee of UEM Sunrise is of the opinion that the New Proposals are:

- (I) in the best interest of UEM Sunrise;
- (II) fair, reasonable and on normal commercial terms; and
- (III) not detrimental to the interest of the minority shareholders.

#### **12. DIRECTORS' STATEMENT**

The Board of Directors of UEM Sunrise is of the opinion that the Proposals, after having considered all aspects of the Proposals, are in the best interest of the Company and its shareholders.

#### **13. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed SPA is expected to be completed in the first half of 2024. The Previous Land Sales on the other hand, are anticipated to be completed before the end of this year. The development rights under Proposed DRA will be activated subject to the completion of the Proposed SPA. At present, the parties have yet to decide the launching programme for the Land.

#### 14. PERCENTAGE RATIO

The percentage ratios applicable to the Proposals computed based on UEM Sunrise's audited consolidated net assets for FY2022 are as follows:

<b><u>No.</u></b>	<b><u>Proposals</u></b>	<b><u>Percentage Ratio based on Paragraph 10.02(g) of the MMLR</u></b>	<b><u>Remark</u></b>
1.	Proposed SPA	1.26%	The consideration for the transaction is the entire amount of consideration and not the UEM Sunrise's proportionate interest in such consideration.
2.	Proposed DRA	1.38%	
3.	Iskandar SPA 1	1.28%	
4.	Iskandar SPA 2	0.03%	
	Total aggregated	<hr/> <hr/> 3.95%	

The Proposals are aggregated pursuant to Paragraph 10.12(2)(a) of Chapter 10 of the MMLR as these transactions were entered into with the same party or with parties connected with another within a period of 12 months, being Tan Sri Dato' Yap Suan Chee and the persons connected to him.

The highest percentage ratio applicable to the Proposals is 3.95%, exceeding the percentage ratio threshold of 0.25% as per Paragraph 10.08(1) of Chapter 10 of the MMLR.

#### 15. DOCUMENTS FOR INSPECTION

The SPA between MLSB and PKSB dated 11 September 2023, DRA between MLSB and PKSB dated 11 September 2023 and Power of Attorney between MLSB and PKSB dated 11 September 2023 are available for inspection during normal business hours from Mondays to Fridays (except public holidays) at the Company's registered office at Level U6, Block C5, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur for a period of three months from the date of this announcement.

This announcement is dated 11 September 2023.