

SURIA CAPITAL HOLDINGS BERHAD (“SURIA CAPITAL” OR “COMPANY”)

JOINT VENTURE CUM SHAREHOLDERS AGREEMENTS (“JV AGREEMENTS”) ENTERED INTO BY SURIA CAPITAL AND BEDI DEVELOPMENT SDN BHD (“BEDI”) IN RESPECT OF THE JOINT VENTURE TO DEVELOP TWO (2) PARCELS OF LAND OWNED BY SURIA CAPITAL MEASURING APPROXIMATELY 2.543 HECTARES AND 11.69 HECTARES RESPECTIVELY SITUATED AT JALAN TANJUNG LIPAT, KOTA KINABALU, SABAH

1. INTRODUCTION

The Board of Directors of Suria Capital wishes to announce that on 5 February 2024, the Company and BEDI Development Sdn Bhd (“**BEDI**”) have entered into two (2) Joint Venture cum Shareholders Agreements (“**JV Agreements**”) in respect of the joint venture (“**Joint Venture**”) for the purpose of developing two (2) parcels of prime land within Kota Kinabalu Port area respectively measuring approximately 2.543 hectares held under Town Lease 017561974 (“**Land 1**”) and 11.69 hectares held under Country Lease 015722791 (“**Land 2**”), situated at Jalan Tanjung Lipat, Kota Kinabalu, Sabah (collectively the “**Development Land**”).

The purposes of the JV Agreements are to *inter alia*, formalise the mutual intention of Suria Capital and BEDI (collectively known as the “**Shareholders**”) in respect of the Joint Venture, and to record their respective rights and obligations in relation thereto. Under the JV Agreements, both parties have agreed to incorporate two (2) joint venture companies namely Jesselton Docklands 1 Sdn Bhd and Jesselton Docklands 2 Sdn Bhd (collectively “**JV Co**”) as the developers to undertake the development, construction and completion of the integrated mixed-commercial project (the “**Project**”) on Land 1 and Land 2 respectively, with a collective net development value of approximately RM4.2 billion.

2. DETAILS OF THE JOINT VENTURE

2.1 Background information of the Joint Venture

The Shareholders are desirous of developing the Development Land into an integrated mixed-commercial project in multiple phases (provisionally known as “**Jesselton Docklands**”) comprising serviced apartments, hotel suites, SOHO, office/commercial suites (and such other components as the Shareholders may mutually agree in writing) as more particularly provided for in the Joint Development Agreement (“**JDA**”) to be formalised at a later date. The Shareholders have agreed to co-operate exclusively with each other to jointly pursue the Joint Venture and manage all affairs of the JV Co in carrying out the development of the Jesselton Docklands Project.

2.2 Background information on the Development Land

Land 1 (being part of the Development Land) forms part of the 23.25 acres of land alienated to Suria Capital during the privatisation of Sabah ports in 2003 (Suria Capital’s core business is in the management and operation of the eight major ports in Sabah through its wholly-owned subsidiary Sabah Ports Sdn Bhd). The land lease is for a period of 99 years, commencing from 1 January 2010 until 31 December 2108. Suria Capital had on 21 May 2013 entered into a joint venture agreement with SBC Corporation Berhad to develop the 16.25 acres of the 23.25 acres

land as a mixed development project named as Jesselton Quay. The first phase of Jesselton Quay was completed in year 2020 and phase two of the project will commence in year 2024.

Land 2 (being part of the Development Land) was alienated to Suria Capital by the State Government of Sabah in 2017 for the proposed development of an international cruise terminal. The land lease is for a period of 99 years, commencing from 1 January 2018 until 31 December 2116.

2.3 Background information on BEDI

BEDI Development Sdn Bhd (“**BEDI**”) is a Sabah-based property developer, incorporated on 9 March 2020 in Malaysia Registration No. 202001008414 (1364734-A). The principal activities of BEDI are property developer and real estate agent.

As at the date of this announcement, BEDI has an issued share capital of RM100.00 comprising 100 ordinary shares. The directors of BEDI are Mr. Kong Chung Vui, Mr. Lim Aik Hoe and Mr. Lim Aik Kiat. Mr. Kong Chung Vui has over 25 years of experience and has completed various reputable projects in the State of Sabah. BEDI is a subsidiary of EXSIM Development Sdn Bhd which holds 75% of the ordinary shares in BEDI.

2.4 Background information on EXSIM

EXSIM Development Sdn Bhd (“**EXSIM**”) Registration No. 200901032054 (875164-W) is a Kuala Lumpur-based property developer incorporated on 14 October 2009. The principal activities of EXSIM are investment holding and real estate activities with own or leased property.

As at the date of this announcement, EXSIM has an issued share capital of RM422,100,000 comprising 422,100,000 ordinary shares. The directors of EXSIM are Mr. Lim Aik Hoe, Mr. Lim Aik Kiat and Mr. Lim Aik Fu.

EXSIM has an expansive portfolio that ranges from industrial to high-rise residential and commercial projects. As to date, EXSIM has launched 38 developments with Gross Development Value of RM14.53 billion. EXSIM’s endeavours have received multiple recognition signifying advancement in its field and the maiden residential development – The TreeZ – Jalil Residence at Bukit Jalil, was recognised for its unique green features which earned the award “First Green Residential Building” in Southern Kuala Lumpur. EXSIM’s developments are built with a strong emphasis on environmental sustainability that fulfil Malaysia Green Building Index or similar standards.

2.5 Essence of the JV Agreements

Tax Incentive/Exemption Application(s)

The JV Co will apply for the Tax Incentive/Exemption Application(s) which if approved or granted by the relevant authority(ies), will benefit the Project and the State as described below. Part of the Tax Savings arising from the Tax Incentive/Exemption granted to the JV Co will be earmarked and utilised by the JV Co for, amongst others, environmental, social and governance purposes, the quantum or percentage of which will be determined by Suria Capital in its sole and absolute discretion.

Shareholdings in the JV Co

Pursuant to the JV Agreements, the Shareholders agree to respectively subscribe for Two Hundred and Fifty Thousand (250,000) Ordinary Shares of Ringgit Malaysia One (RM1.00) only for each Ordinary Share to be issued and allotted by each JV Co ("**Subscription for Ordinary Shares**"), in the following proportions:

Shareholders	Subscription for Ordinary Shares	Percentage of Ordinary Shares
Suria Capital	Two Hundred and Fifty Thousand (250,000.00) Only	50%
BEDI	Two Hundred and Fifty Thousand (250,000.00) Only	50%
Total	Five Hundred Thousand (500,000.00) Only	100%

Dividends

Subject to the requirements of the applicable laws, the JV Co shall, declare and pay dividend in such amounts as shall be decided by the Board from time to time, in accordance with the Constitution of the JV Co and the Companies Act 2016.

Capital Injection

Any additional capital injection shall be contributed solely by BEDI by way of shareholder advances and/or subscription of irredeemable convertible preference shares ("**ICPS**") to be issued by the JV Co and/or other capital needs requirement as may be mutually agreed upon by BEDI and Suria Capital.

2.6 Conditions Precedent

The JV Agreements are conditional upon:

- (a) The completion of the due diligence review to be conducted by BEDI and the receipt by Suria Capital of the due diligence notice issued by BEDI on or before 15 March 2024 or such other later date as may be mutually agreed by the Shareholders in writing ("**Due Diligence Cut-off Date**"); and
- (b) The execution of the Joint Development Agreements ("**JDA**") by Suria Capital (as the proprietor of the Development Lands) and the JV Co (as the developer) on or before 30 June 2024 or such other date as may be mutually agreed upon between the Shareholders.

Pending the finalisation and execution of the respective JDA to be entered into between Suria Capital and the JV Co pursuant to the JV Agreements, and in consideration of the respective JV Co's undertaking to comply with terms and conditions to be stated in the respective JDA, Suria Capital has granted a Limited Power of Attorney on Land 1 to appoint and empower the JV Co to do certain acts and things in relation to Land 1 in accordance with the provisions set out in the Power of Attorney, upon the terms and conditions stated therein.

3. RATIONALE OF THE JOINT VENTURE

The main objective for Suria Capital to enter into the Joint Venture is to unlock the potential of its prime lands located in the Central Business District of Kota Kinabalu, the capital city of Sabah.

The Land 1 includes the Jesselton Point Ferry Terminal which is the gateway to the nearby islands at Tunku Abdul Rahman Marine Park. Adjacent to it is the Land 2 which consists of the 10 acres of KK Port wharf and the surrounding water body. Leveraging on its prime geographical location fronting the South China Sea against a backdrop of the mountain, the proposed development is conceptualised along the theme of an affluent and elite waterfront community. The proposed mixed-commercial development will also include the redevelopment of a dedicated international cruise terminal and a ferry terminal in the vicinity.

With the development of the proposed international cruise terminal, the entire waterfront area is poised to become an iconic landscape as the city's premier tourist frontier, catering to both local and foreign patrons. The proposed international cruise terminal has been identified as one of the entry point projects under the Economic Transformation Programme and a strategic initiative under the Eleventh Malaysia Plan.

The proposed mixed-commercial development on the Development Land, together with the surrounding waterfront development such as the Jesselton Quay, Sabah International Convention Centre and Kota Kinabalu Convention City will be collectively known as Jesselton Waterfront City.

Recognising BEDI's expertise and the track record of EXSIM, a renowned property developer based in Kuala Lumpur, Suria Capital has decided to undertake the development of Jesselton Docklands Project by way of the Joint Venture with BEDI to leverage on the combined expertise and experience and to act in good faith to ensure commercial and strategic advantages in the interest of the Shareholders of the respective JV Co for the purpose of the development of the Project.

The Joint Venture is expected to contribute positively to the Company's future revenue stream, earnings and profitability. With the strategic location and positive prospect of the property market in Sabah, the Management is confident that the Joint Venture will receive optimistic demand and growth potential.

4. RISK FACTORS

The general inherent risk with the property development business is the prolonged process in obtaining the relevant approvals from the relevant authorities for the development plan for the Project, changes in property market demand and increase in the costs of building materials and labours.

5. FINANCIAL EFFECTS OF THE JOINT VENTURE

5.1 Share capital and Substantial shareholders' shareholding

The Joint Venture will not have any effect on the issued and paid-up share capital and substantial shareholder's shareholding of Suria Capital as the Joint Venture does not involve any issuance of ordinary shares in Suria Capital.

5.2 Net assets per share and Gearing

The Joint Venture is not expected to have any material effect on the net asset and gearing level of Suria Capital for the current financial year ending 31 December 2024. Any profits attributable to Suria Capital would be realised in stages over the tenure of the Project based on the progress of the Project. Suria Capital is not required to raise financing or inject further capital into the JV Co except for the subscription of ordinary shares in the JV Co.

5.3 Earnings and Earnings per share

The Joint Venture is not expected to have any material effect on Suria Capital's earnings and earnings per share for the current financial year ending 31 December 2024. However, the Joint Venture is expected to contribute positively to the future earnings of Suria Capital.

6. APPROVALS REQUIRED

The Company's entry into the JV Agreements does not require the approval from the shareholders of the Company or any relevant authorities.

7. DIRECTORS', MAJOR SHAREHOLDER'S AND/OR CONNECTED PERSONS' INTERESTS

None of the Directors, major shareholder and/or persons connected with them has any interest, direct or indirect, in the Joint Venture.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Joint Venture, including but not limited to the rationale, salient terms of the JV Agreements, risk factors, and the financial effects of the Joint Venture, is of the opinion that the Joint Venture is in the best interests of the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Development of Land 1 will commence first, followed by the development of Land 2. The proposed development on Phase 1 of Plot 1 on Land 1 is estimated to complete by 2028. The entire Project is expected to be completed within twelve (12) years from the commencement date of the Project. It is expected that the physical work on the Project to commence in early 2025.

10. DOCUMENTS FOR INSPECTION

The JV Agreements dated 5 February 2024 is available for inspection at the registered office of the Company at Unit 3-03 – 3-31, Level 3, JQ Central, Coastal Highway, Off Jalan Tun Fuad Stephens, 88400 Kota Kinabalu, Sabah on Mondays to Fridays (except public holidays) during normal business hours for a period of three (3) months from the date of this announcement.

This announcement is dated 6 February 2024.