

WZ SATU BERHAD BERHAD ("WZ Satu" or "the Company")

- Supplemental Agreement entered between Sinergi Dayang Sdn. Bhd., the wholly-owned subsidiary of Cekap Semenanjung Sdn. Bhd., PR1MA Corporation Malaysia and Barisan Arena Sdn. Bhd.

1. INTRODUCTION

The Board of Directors of the Company wishes to announce that Sinergi Dayang Sdn. Bhd. ("**Sinergi Dayang**"), the wholly-owned subsidiary of Cekap Semenanjung Sdn. Bhd. ("**Cekap Semenanjung**") which is also an indirect wholly-owned subsidiary of WZ Satu, had on 13 December 2019 entered into a Supplemental Agreement to the Master En-Bloc Purchase Agreement dated 18 March 2016 ("**the Supplemental Agreement**") with PR1MA Corporation Malaysia ("**PR1MA Corporation**") and Barisan Arena Sdn. Bhd. ("**Barisan Arena**") (PR1MA Corporation, Sinergi Dayang and Barisan Arena shall hereinafter collectively be referred to as "**the Parties**") to recommence the development of the Project (as defined below) in the manner and upon the terms set out in the Supplemental Agreement.

2. BACKGROUND

WZ Satu's acquisition of the entire ordinary equity interest of Cekap Semenanjung was completed on 25 May 2018.

Cekap Semenanjung is the beneficial owner of the entire ordinary equity interest in Sinergi Dayang and, together with Cekap Semenanjung, are principally involved in carrying out construction works. Sinergi Dayang's sole project is the design, finance, construction, development and completion of a Perumahan Rakyat 1Malaysia ("**PR1MA**") development located in Kuantan, Pahang ("**Project**").

The Project was undertaken pursuant to a Master En-Bloc Purchase Agreement dated 18 March 2016 entered between PR1MA Corporation, Sinergi Dayang as the contractor and Barisan Arena as the proprietor ("**MEBPA**").

Pursuant to the MEBPA, PR1MA Corporation had acquired the Land (as defined in the MEBPA) from Barisan Arena and PR1MA Corporation proceeded to appoint Sinergi Dayang who agreed to construct and complete the 2,426 units of PR1MA Homes together with 69 Retail Units on the Land upon the terms and conditions as stipulated under the MEBPA.

PR1MA Corporation had pursuant to the terms of the MEBPA, confirmed the Project Commencement Date for Phase 1 and 2 of the Project to take effect from 3 May 2018.

Prior to the date of the Supplemental Agreement, PR1MA Corporation had requested and Sinergi Dayang had agreed for Phase 2 and 3 of the Project to be postponed. PR1MA Corporation had also agreed to extend the Project Completion Date for Phase 1 of the Project until 31 July 2021, by virtue of EOT Certificate No. 1 dated 30 October 2019 issued by PR1MA Corporation in favour of Sinergi Dayang.

3. MOVING FORWARD

In view of the prolonged uncertainties of the continuity of all the PR1MA projects which was signed under the previous Administration, PR1MA Corporation has undertaken a re-negotiation process with all "partners". Sinergi Dayang recognised this negotiation process and has agreed with PR1MA Corporation that

since Phase 1 of the PR1MA D'Marina Residency project is on-going, Sinergi Dayang will maintain executing the Project under the MEBPA.

However, to ensure certainty and a positive position for the project in respect of Phases 2 and 3 of the Project, Sinergi Dayang has proposed to proceed via a joint venture arrangement with PR1MA Corporation.

The Supplemental Agreement contains preliminary terms of the joint venture arrangement to be entered into between PR1MA Corporation as the land owner and Sinergi Dayang as the developer.

The joint venture agreement is to be signed with PR1MA Corporation in due course subject to the approval from the Company's shareholders and/or the relevant authorities. The Company will announce the development of the joint venture agreement to the Bursa Malaysia Securities Berhad upon its signing.

Phase 2 and 3 will be executed on a private development arrangement not under the PR1MA Act 2012. It will be at lower risk as the joint venture development will be marketed at affordable pricing which will commence based on suitable demand and market conditions.

4. FINANCIAL EFFECT

The Supplemental Agreement will not have any effect on the earnings of the Group for the financial year ending 31 August 2020.

5. EFFECT ON SHARE CAPITAL AND MAJOR SHAREHOLDERS' SHAREHOLDING

The Supplemental Agreement does not have any effect on the share capital and major shareholders' shareholding of the Company.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company have any interest, direct or indirect in the Supplemental Agreement.

The Board is not aware of the person(s) connected with a Director and/or a major shareholder of WZ Satu to have any interest, direct or indirect in the Supplemental Agreement.

This announcement is dated 16 December 2019.