

**PRG HOLDINGS BERHAD
JOINT VENTURE AGREEMENT**

1. INTRODUCTION

The Board of Directors (“Board”) of PRG Holdings Berhad (“PRG” or the “Company”) wishes to announce that Premier Construction Sdn Bhd (“PCSB” or “Proprietor”), a wholly-owned subsidiary of PRG Property Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, has on 30 March 2021 entered into a joint venture agreement (“JVA”) with Semangat Hikmat Sdn Bhd (“SHSB” or “Developer”) for the proposed development of the land located in Taman Gading, Batu Gajah, Mukim Sungai Terap, Daerah Kinta, Perak (“Land”) for residential developments scheme together with all the necessary infrastructure and public utilities, upon the terms and conditions stipulated in the JVA (“Proposed Joint Venture”).

(PCSB and SHSB are referred to individually as the “Party” and collectively as the “Parties”).

2. DETAILS OF THE PROPOSED JOINT VENTURE

- (i) The Proprietor is the registered owner of the Land and form part of the Proprietor’s housing project known as “Taman Gading, Batu Gajah” (“Project”).
- (ii) The approved Building Plans and Layout Plans for the Project was approved under the company known as Premier Aspirasi (Batu Gajah) Sdn Bhd (“PABG”).
- (iii) The Land are not charged to any financial institution or third party, however there is/are private caveat(s) entered by Forte Emerald Sdn Bhd (“Caveator”) against some of the titles of the Land.
- (iv) The Developer has all the necessary knowledge, expertise and experience in the field of property development and related business and is able to provide technical, commercial, financial and management expertise and is in a position to undertake the overall development of the Land.
- (v) The Developer has offered and the Proprietor has agreed to enter into the JVA whereby the Proprietor is to contribute the Land and shall thereto be entitled to the Proprietor’s entitlement (as provided in the JVA) whilst the Developer is to at its own cost and expense develop the Land for residential developments scheme together with all the necessary infrastructure and public utilities in accordance with the duly approved Building Plans and the Layout Plans of the Project (“Development”) and market the Development in accordance with the terms and conditions of the JVA.

3. INFORMATION OF THE PARTIES

PCSB

PCSB was incorporated in Malaysia as a private limited company on 9 September 2013. As at the date of this announcement, PRG Property Sdn Bhd, a wholly-owned subsidiary of PRG, is entitled to the entire 5,000,000 issued shares of PCSB.

The Directors of PCBS are Dato’ Wee Cheng Kwan and Cheah Hannon. The principal activity of PCSB is to engage as a contractor for civil and building construction works.

SHSB

SHSB was incorporated in Malaysia as a private limited company on 2 December 2005. SHSB is principally involved in property construction and development.

The issued share capital of SHSB is RM600,000.00 comprising 600,000 ordinary shares. The directors and shareholders of SHSB are Loo Leep Chye and Loo Xin Theng holdings 540,000 ordinary shares and 60,000 ordinary shares respectively.

4. SALIENT TERMS OF THE JVA

The salient terms of the JVA include, amongst others, the following:

4.1 Agreement to develop

In consideration of the Developer agreeing to advance and pay to the Proprietor the deposit pursuant to the JVA and subject to the various agreements, undertakings, covenants and obligations of the Parties, the Proprietor agrees to allow the Developer, its agent and servants to enter the Land together with its tools implement and equipment and the sole and exclusive rights to develop the Land at its own cost and expense and in various stages or phases thereof and in such manner as the Developer in its absolute discretion deem appropriate, and to commence, complete and to market the Development and to collect all sales revenue therefrom in accordance with the approved Layout Plans and Building Plans and such other plans or any amendment(s) thereof as may be approved by the relevant authorities but subject always to the terms and conditions of the JVA.

4.2 Proprietor's and Developer's Entitlement

The Proprietor shall be entitled to the Proprietor's entitlement and the Developer shall be entitled to the Developer's entitlement as stated in the JVA.

4.3 Matters related to the Development

- (i) The JVA is made in subject to the approved Building Plans and Layout Plans known as Taman Gading, Batu Gajah, provided always that the Developer shall be entitled from time to time and at any given time to make any alteration, amendment, variation or modification to the approved Building Plans and/or Layout Plans relating to the Development but subject to the terms and conditions of the JVA.
- (ii) The Proprietor shall procure a written consent from PABG to allow the Developer to take over the development of the Project and shall assist in procuring the development order from the relevant authority to enable the Developer to commence the Development on the Land provided always that the Proprietor shall authorise and/or assist the Developer to act on its behalf to obtain the approved Layout Plans and Building Plans from the relevant authority and all the costs incurred shall be borne by the Developer.
- (iii) Subject to the approved Building Plans and/or Layout Plans for the Development and compliance with the requirements of the relevant authorities, the Developer shall commence, construct and complete on the Land such number of residential units in accordance with approval of the relevant authorities.

- (iv) The Developer shall have the sole discretion to decide the date of commencement of the Development provided that all the requisite consent and development order have been obtained.
- (v) The Developer shall have the sole and absolute discretion as to the design, quality, specifications, style and price of the properties of the Development scheme.
- (vi) The Developer acknowledges and agrees with the Proprietor that it shall carry out the development works subject to the following: -
 - (a) The Developer shall ensure that the development works are carried out in accordance with the Building Plans and the Layout Plans, specifications and the various provisions of the JVA and in total compliance with all the terms and conditions imposed or to be imposed by the authorities from time to time. In the event that the authorities rejecting any of the plans or approving the same subject to certain amendments being made such rejection or conditional approval shall not vitiate the JVA in any way whatsoever and the Developer shall forthwith prepare alternative or amended plans as the case may be for submission to the authorities for approval.
 - (b) The Developer shall comply with all development and construction laws applicable from time to time and at any time.
- (vii) The Developer shall not be allowed to charge the Land to any persons and/or financial institution for financing.

4.4 Removal of Caveat

- (i) The Proprietor shall cause the Caveator to deposit letter of confirmation with the Developer's Solicitors confirming the final amount owed by the Proprietor to the Caveator and undertaking that they shall have no claim whatsoever on the Land upon settlement of the amount owing to the Caveator;
- (ii) The Proprietor shall cause the Caveator to deposit duly executed withdrawal of caveat form with the Proprietor's Solicitors as stakeholders, with authority to release the said withdrawal forms to the Developer's Solicitors upon the receipt of the letter of undertaking from Developer to pay the Proprietor a sum of RM37,324.00 per title as stated in the JVA.

4.5 Proprietor's Entitlement

The Proprietor shall be entitled to a total sum of RM8,000,000.00 only that shall be derived from the gross sale proceed and which shall be paid in the following manners.

4.6 Deposit and Payments

- (i) Upon the execution of the JVA, the Developer shall pay to the Proprietor a sum of RM50,000.00 only ["Deposit"] by way of deposit and part payment towards the Proprietor's Entitlement made in advance from the Developer to the Proprietor;

- (ii) The Developer shall pay to the Proprietor a further sum of RM3,200,000.00 only as part payments towards Proprietor's entitlement within 12 months from the date of the JVA;
- (iii) The Developer shall pay to the Proprietor a further sum of RM3,200,000.00 only as part payments towards Proprietor's entitlement within 24 months from the date of the JVA;
- (iv) The Developer undertakes to pay to the Proprietor the balance sum of RM1,550,000.00 due to the Proprietor within 36 months from the date of the JVA.
- (v) The Deposit and payments paid pursuant to the above shall be treated and deemed to be part and/or full settlement of the Proprietor's Entitlement. In calculating the Proprietor's Entitlement, the Proprietor's Entitlement shall be adjusted by setting off or deducting the Deposit paid by the Developer to or on behalf of the Proprietor.

4.7 Proprietor's Land Cost

The Proprietor's Entitlement shall be inclusive of the land costs amounting to RM30,000.00 per lot and therefore, in respect of the development falling within the Housing Developers (Control and Licensing) Act 1966, the Developer undertakes to pay to the Proprietor the said sum as land costs per housing unit sold from the Developments scheme within fourteen (14) days of receipt of payments into the Housing Development Account from the end-financier of the progress claims by the Developer against the end-purchasers.

4.8 Director Guarantee

Simultaneously upon the signing of the JVA, the Developer shall secure and provide the personal guarantee by its director, Loo Leep Chye for the payment of the Proprietor's Entitlement (including the land costs as stipulated in the JVA) in the event the Developer default in payment to the Proprietor.

4.9 Interest

- (i) In the event the Developer fails to pay any part of the Proprietor's Entitlement in accordance with the time frame stipulated in the JVA, the Developer shall pay to the Proprietor interest at the rate of 8% per annum calculated on a monthly basis for every month on such part of the Proprietor's Entitlement which had become due to the Proprietor, commencing from the day next following the due date of payment of such part of the Proprietor's Entitlement until full payment of such sum which has become due.
- (ii) The provision of interest on late payment shall not mean or to be construed as or be deemed to amount to the allowance of an indefinite extension by the Proprietor to the Developer to pay to the Proprietor the Proprietor's Entitlement and the Developer shall make all payments comprising the Proprietor's Entitlement in accordance with the provision of the JVA provided always the Proprietor shall be at liberty to terminate the JVA in the event that the Developer default in the payment of such sum after the expiry of 3 months from the stipulated date of payment.

4.10 The Developer's Entitlement/Units

- (i) The Developer shall be entitled to all the residential units developed on the Land under the Development ("Developer's Entitlement") and shall be at liberty to deal with all the Developer's entitlement as it deems reasonable and proper.

4.11 Sale of the Land

- (i) The Developer shall be entitled to officially launch for sale the Land, whether in a single phase or in multiple phases, to the general public and receive all the sale proceeds from such sale upon such terms and conditions as the Developer shall deem reasonable and the Developer shall execute the sale and purchase agreements (SPA) or any such agreements and/or transfers in relation thereto as the attorney for the Proprietor.
- (ii) Subject to the terms and conditions of the JVA and subject to the compliance of all obligations and undertakings by the Developer in accordance with the JVA, the Proprietor consents to the sale of the Land by the Developer in such manner as the Developer shall deem fit and the Developer shall have full discretion: -
 - (a) in the marketing and advertisement for sale of the Land; and
 - (b) in determining the purchase price and discount for each of the Developer's Entitlement and such purchase price may also be varied from time to time by the Developer in its sole discretion shall deem fit.
- (iii) The Proprietor in compliance with the Housing Development (Control and Licensing) Regulations 1989, hereby:
 - (a) agrees to the sale of the Lands for the purpose of housing development concerned herein; and
 - (b) undertakes to abide by the provisions of Regulations 10 and 11 of the Housing Developers (Control and Licensing) Regulations 1989.

4.12 Power of Attorney

- (i) The Proprietor shall grant a power of attorney to the Developer to allow the Developer to act as the attorney of the Proprietor to, inter alia,
 - (a) to sign and deliver all Building Plans, Layout Plans, applications and any other documents in connection with the Development and/or the Land or any part thereof and/or in order to apply and obtain the relevant requisite consent;
 - (b) to sign and/or submit all Building Plans and/or Layout Plans or any documents in relation thereto including the alterations, amendments, variations or revision thereof;
 - (c) to take all steps and do all acts and things necessary to secure the issuance of the certificate of compliance and completion to the residential units by the authorities;

(d) to execute and sign the SPA and/or any such agreements and/or any deed of assignments and/or transfers and/or all documents for consents in relation thereto with individual end purchasers of the Developer's Units.

(ii) The Developer undertakes to exercise the Power of Attorney granted by the Proprietor to the Developer for the purposes of the Development in accordance with the terms and conditions of the JVA, to carry out the development works including making applications for the relevant approvals and to carry out and perform such other acts and obligations of the Proprietor in accordance with the provisions of the JVA.

5. FINANCIAL EFFECTS ON PRG

5.1 Share Capital and Substantial Shareholders' Shareholdings

The JVA will not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

5.2 Earnings and Net Assets

The JVA will not have any material effect on the earnings or net assets of PRG and its subsidiaries for the financial year ending 31 December 2021.

5.3 Gearing

The JVA will not have any effect on the gearing of PRG.

6. RATIONALE

As the Developer has all the necessary knowledge, expertise and experience in the field of property development and related business and is able to provide technical, commercial, financial and management expertise, the Board believes the Develop is suitable and in better position to undertake and complete the development of the Land.

7. RISK FACTORS

The Proposed Joint Venture is subject to the terms and conditions of the JVA. There is no assurance that the Proposed Joint Venture will not be exposed to risks such as termination of the JVA and inability to fulfil the terms and conditions of the JVA apart from the risks inherent in the property development industry.

The Board will endeavour to take all necessary steps to ensure that the terms and conditions of the JVA which are within the control of the Group are met on a timely basis and will take necessary steps to mitigate the risks as and when arises.

8. APPROVALS REQUIRED

The JVA is not subject to the approval of PRG's shareholders.

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

None of the Directors and/or major shareholders of PRG and/or persons connected with them has any interest, direct or indirect, in the JVA.

10. STATEMENT BY DIRECTORS

Having considered all the relevant aspects including the rationale and benefits of the Proposed Joint Venture, the Board is of the opinion that the JVA is in the best interest of PRG Group.

11. HIGHEST PERCENTAGE RATIO APPLICABLE PURSUANT TO PARAGRAPH 10.02(G) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

The highest percentage ratio applicable to the JVA pursuant to paragraph 10.02(g) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements is 5.04%.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JVA is available for inspection at the registered office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 30 March 2021.