

PRG HOLDINGS BERHAD (“PRG” OR THE “COMPANY”)

SHAREHOLDERS’ AGREEMENT BETWEEN SPNB ASPIRASI SDN BHD, PREMIER JPC SDN BHD AND PREMIER ASPIRASI DEVELOPMENT SDN BHD

1. INTRODUCTION

Reference is made to the Company’s announcement dated 13 June 2017 on the Memorandum of Understanding (“MOU”) entered into between SPNB Aspirasi Sdn Bhd, Mimbar Nusantara Holdings Sdn Bhd and the Company to explore potential business and/or investment and set up mutual understanding and intention of the parties to collaborate and jointly venture into housing development projects.

The Board of Directors (“Board”) of PRG wishes to announce that Premier JPC Sdn Bhd (“PJPC”), Premier Aspirasi Development Sdn Bhd (“PADSB”), both being wholly owned subsidiaries of PRG, have on 27 September 2017 entered into a shareholders’ agreement (“SA”) with SPNB Aspirasi Sdn Bhd (“SASB”) to formalise their commitments in the MOU and to regulate their rights and obligations as shareholders of PADSB and in respect of the management of PADSB.

(PJPC, PADSB and SASB shall collectively be referred to as the “Parties” and individually as a “Party”).

2. INFORMATION OF THE PARTIES

2.1 SASB

SASB was incorporated in Malaysia as a private limited company with its business address at Level 10, Wisma PERKESO, Jalan Tun Razak, 50400 Kuala Lumpur. SASB is a wholly owned subsidiary of Syarikat Perumahan Negara Berhad (SPNB) and the ultimate shareholder of SPNB is Ministry of Finance established under Ministry of Finance (Incorporation) Act 1957.

SASB is entrusted by SPNB to develop affordable houses (*Rumah Aspirasi*) in line with the National Housing Policy.

2.2 PJPC

PJPC was incorporated in Malaysia as a private limited company with registered address at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur. As at the date of this announcement, PJPC is a wholly-owned subsidiary of PRG.

2.3 PADSB

PADSB was incorporated in Malaysia as a private limited company in furtherance of the MOU with registered address at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur. As at the date of this announcement, PADSB is a wholly-

owned subsidiary of PRG Property Sdn Bhd (formerly known as Premier Gesture Sdn Bhd) which in turn is a wholly-owned subsidiary of PRG.

Pursuant to the SA, PJPC and SASB, being the shareholders of PADS B (“Shareholders”) agree that the principal business objective and purpose of PADS B shall be a venture into property development business with a view of building affordable houses in line with the National Housing Policy and all other related activities endorsed and permitted to PADS B (hereinafter referred to as “the said Projects”).

3. SALIENT INFORMATION OF THE SA

(a) Shareholdings Structure, General Duties and Obligations

(i) The agreed shareholding structure of PADS B shall be as follows:

<u>Shareholder</u>	<u>Percentage of Shareholding</u>
SASB	51%
PJPC	49%

(ii) The duties and obligations of the Shareholders in any of the property development of the said Projects undertaken or jointly undertaken by PADS B are as follows:

- SASB shall be responsible for the marketing and sales of all the said Projects; and
- PJPC shall be responsible for the arrangement of the finance, consultancy services (design and supervision) and the construction and completion of all the said Projects.

(iii) SASB shall keep and maintain accurate, informative and timely financial, tax and statutory records of PADS B and the Development Company and ensure compliance of applicable laws and regulations in Malaysia. PJPC shall be allowed access to the financial, tax and statutory records of PADS B and the Development Company.

(b) Establishment of New Development Company for Each Project

(i) PADS B shall appoint a separate company to be the developer for each of the said Projects (hereinafter referred to as “Development Company”). The Development Company shall be a company wholly-owned by PADS B.

(ii) The Development Company shall apply all necessary Developer License and Permit and control the Housing Development Account as required by laws or regulations related to it.

(iii) The Shareholders of PADS B shall mutually agree to appoint their respective nominee(s) to be the Director(s) of the Development Company.

(c) Project Lands

- (i) PJPC shall purchase or be responsible for acquisition of the project lands for the said Projects.
- (ii) Any project land purchased or acquired for the said Projects shall be made via any nominated company decided by PJPC.

(d) Appointment of Main Contractor for Each Project

- (i) In consideration of PJPC's nominated company purchasing or acquiring the project land, the Development Company shall appoint the nominated company as the Main Contractor or Design & Build Contractor for the respective project (hereinafter referred to as "Main Contractor").
- (ii) The Main Contractor shall be responsible for consultancy services (design and supervision), construction and completing the respective project.

(e) Undertaking to Buy Back & Guarantee for Payment by SASB

- (i) In line with the objective of PADSB and to ensure the Development Company's ability to perform its duty and obligation to pay the Main Contractor for work done, SASB undertakes to purchase all completed unsold units of the houses from the Development Company based on the approved selling price within twelve (12) months from the issuance of the Certificate of Completion and Compliance for the respective houses, failing which the Development Company shall be entitled to impose late payment interest against SASB on the unpaid price(s) (hereinafter referred to as "the Buy Back Sum") based on 8% per annum for the respective project calculated on a daily basis until full settlement provided that all documents to effect the transfer and registration of the unsold units of houses, namely the original Issue Document of Title(s) and the Memorandum of Transfer(s) duly executed by the Development Company in favour of SASB or its nominee(s) have been delivered to a firm of solicitors as stakeholders to be released upon the full payment the Buy Back Sum.
- (ii) For each of the said Project, SASB shall provide a corporate guarantee for the payment of the Buy Back Sum in favour of PJPC (hereinafter referred to as "the said Guarantee"). SASB shall provide the said Guarantee simultaneous upon the issuance of the Letter of Appointment to the Development Company of the respective project PROVIDED THAT upon the call and payment of the said Guarantee, PJPC shall obtain a valid discharge of the any or all liability for the said unsold units between the Main-Contractor and the Development Company.
- (iii) In consideration of the mutual agreements and undertakings set out in the SA, the Shareholders have granted the rights and accepted the obligations as set out therein.

(f) Constitution of Board

The Parties agree that the Board of PADSB shall consist at all times of a maximum of five (5) Directors. SASB and PJPC shall each be entitled to nominate the following number of person(s) as Directors of PADSB:

SASB: 3 nominees

PJPC: 2 nominees

All Directors shall hold position as “Executive-Non Independent Director” whereby no remuneration can be taken by them from PADSB unless agreed otherwise by SASB and PJPC.

(g) Duration

(i) The SA shall become effective and binding on the Parties on the date the Shareholders are first registered as the Shareholders of PADSB (notwithstanding the later execution of the SA) and shall continue in full force and effect until the earliest of the following events to occur:-

(a) the SA is terminated in accordance with the provisions of the SA; or

(b) all the Parties agree in writing to terminate the SA.

4. FINANCIAL EFFECTS ON PRG

(i) Share Capital and Substantial Shareholders’ Shareholdings

The SA will not have any effect on the issued and paid up share capital and the shareholdings of the substantial shareholders of PRG as it does not involve any issuance of new shares by PRG.

(ii) Earnings and Net Assets

The SA will not have any material effect on the earnings or net assets of PRG for the financial year ending 31 December 2017. Barring unforeseen circumstances, the said Projects is expected to contribute positively to PRG Group's future earnings.

(iii) Gearing

The SA will not have any impact on the gearing of PRG Group. The effects of the said Projects on gearing of the Group cannot be ascertained at this juncture as this would depend on the cash flow requirements during the development period of the said Projects and the exact mix of internal funds and/or borrowings required to finance the said Projects.

5. RATIONALE AND BENEFITS

The said Projects to be undertaken or jointly undertaken by PADS B is in line with the Group's strategy of strengthening its presence in the property development market through strategic acquisitions and/or joint ventures on property development projects with strategic partners.

The said Projects will also provide a good opportunity to diversify the revenue stream of PRG Group.

6. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of PRG and/or persons connected to them have any interest, direct or indirect, in the SA.

7. STATEMENT BY DIRECTORS

Having considered all the relevant aspects including the rationale and benefits of the said Projects, the Board of Directors of PRG is of the opinion that the proposed joint venture and collaboration with SASB and the SAs in the best interest of PRG Group.

8. INSPECTION OF DOCUMENTS

The SA will be available for inspection at the Registered Office of PRG at Suite 11.1A, Level 11, Menara Weld 76 Jalan Raja Chulan, 50200 Kuala Lumpur during office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 27 September 2017.