

Type	:	General Announcement
Subject	:	OTHERS
Description	:	GABUNGAN AQRS BERHAD (“GBGAQRS” OR “THE COMPANY”) - MUTUAL TERMINATION OF JOINT VENTURE AGREEMENT ENTERED INTO BY GABUNGAN AQRS BERHAD AND SURIA CAPITAL HOLDINGS BERHAD

Reference is made to the announcements dated 16 March 2015, 23 April 2015, 19 January 2017 and 24 January 2020 made by the Company in relation to the Proposed Joint Venture Agreement.

1. Introduction

Gabungan AQRS Berhad (“**GBGAQRS**”) had, on 16 March 2015 entered into a Joint Venture Agreement (“**JVA**”) with Suria Capital Holdings Berhad (“**Suria Capital**”) to commercially develop a parcel of land owned by Suria Capital, measuring 6.28 acres situated at Jalan Tanjung Lipat, Kota Kinabalu, Sabah, namely, One Jesselton Waterfront Project.

On 24 January 2020, the Company and Suria Capital entered into a Supplemental Agreement (“**SA**”) to the JVA to move forward with the continuation of the JVA with variations to the commercial terms in the JVA. GBGAQRS and Suria Capital had agreed for the outstanding Conditions Precedent in the JVA to be re-categorised as Conditions Subsequent in the SA and shall be fulfilled within twelve (12) months from the date of the SA, termed as “Condition Subsequent Period”.

GBGAQRS and Suria Capital continued to collaborate in order to preserve the partnership to realise the value of One Jesselton Waterfront’s potential. Despite all reasonable efforts by both parties to the JVA, the Conditions Subsequent as set out in the SA to the JVA were unable to fulfil within the Condition Subsequent Period.

As such, the Board of Directors of the Company wishes to announce that GBGAQRS and Suria Capital have mutually agreed to enter into the Termination Agreement (“**TA**”) to mutually terminate the JVA and SA subject to the terms and upon the conditions of the TA.

2. Rationale for the mutual termination of the JVA

The vision of One Jesselton Waterfront is for it to be developed into a one-stop tourist destination; riding on the high international tourist arrivals that Kota Kinabalu had received prior to the pandemic. By its very nature, the development’s target market would be foreign tourists and international real estate investors.

Given the economy of Sabah heavily relies on foreign tourist arrivals, the viability of One Jesselton Waterfront’s development potential needs to be re-evaluated once international borders are reopened, a timeline that is currently uncertain. As the global tourism landscape is likely to evolve with a new normal, feasibility studies and risk assessments for the development are unable to be undertaken, leaving an uncertain impact on potential development returns. And as such, given the current state of affairs, the project would not be viable to be undertaken in the medium term and inevitably both parties are unable to move forward with original terms of the potential collaboration.

Based on the Termination Agreement, related advances paid by GBGAQRS in favour Suria Capital by GBGAQRS pursuant to the JVA shall be fully refunded by Suria Capital to GBGAQRS totalling RM7.940 million in accordance with the terms and conditions of the Termination Agreement.

Following the refund payment, the JVA shall be terminated and the parties shall be released from any rights and obligations under the JVA without any recourse to the other party.

Refund Payment Terms

No	Description	Amount Payable (RM)	Timeline
(i)	Deposit paid by GBGAQRS on the signing of the JVA ("Deposit")	2,000,000.00	Within fourteen (14) business days from the date of TA
(ii)	RPGT paid in advance by GBGAQRS in favour of Suria Capital ("RPGT Amount")	5,940,000.00	Within six (6) months from the date of TA
	Total	7,940,000.00	

Nonetheless, both parties may reconsider to jointly-work towards realizing the potential commercial value of One Jesselton Waterfront in the future or once the global tourism sector normalizes.

3. Effects of the Termination of the Joint Venture Agreement

The Termination of the JVA will not have any material impact on the earnings, net assets and net assets per share of GBGAQRS.

The Termination of the JVA will also neither have any effect on the share capital nor affect the shareholdings of GBGAQRS's substantial shareholders.

4. Statement by the Board

The Board, having considered all aspect of the mutual termination is of the opinion that the mutual termination is in the best interest of GBGAQRS.

5. Document for Inspection

The Termination Agreement is available for inspection at the Registered Office of the Company at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan from 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 30 September 2021.