

SUTL ENTERPRISE LIMITED
Incorporated in the Republic of Singapore
(Company Registration No. 199307251M)

ENTRY INTO JOINT VENTURE AGREEMENT BY SUTL MARINA HOLDINGS PTE. LTD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY, WITH UEML LAND BERHAD

1. INTRODUCTION

The board of Directors (the “**Board**”) of SUTL Enterprise Limited (the “**Company**”) wishes to announce that a wholly-owned subsidiary of the Company, SUTL Marina Holdings Pte. Ltd. (“**SMHPL**”), has on 22 February 2016 entered into a joint venture agreement (the “**JVA**”) with UEML Land Berhad (“**UEML**”) to incorporate and operate a joint venture company (the “**JV Company**”) in Malaysia (the “**Proposed Joint Venture**”). The business of the JV Company will be in the lifestyle and leisure industry which shall include, *inter alia*, developing the existing marina in Puteri Harbour, developing and operating a proprietary yacht club (the “**Private Yacht Club**”), operating a sports centre and such other businesses agreed amongst the board of the JV Company and the parties to the JVA, as may be complementary to the aforementioned businesses (the “**Businesses**”).

2. INVESTMENT AND SHARE CAPITAL

The JV Company will be incorporated, subject to the fulfilment of the conditions precedent set out in paragraph 3.2 below. The initial issued and paid-up share capital of the JV Company will be Malaysian Ringgit 1,000 (RM 1,000) divided into 1,000 ordinary shares in the capital of the JV Company of Malaysian Ringgit 1.00 each. At incorporation of the JV Company, (a) SMHPL will subscribe for 600 ordinary shares in the capital of the JV Company (“**SMHPL Shares**”), the consideration for which shall be RM 600 (“**SMHPL Initial Capital Contribution**”) and (b) UEML will subscribe for 400 ordinary shares in the capital of the JV Company, the consideration for which shall be RM 400”. At incorporation, the JV Company will have an initial authorised share capital of Malaysian Ringgit 400,000 (RM 400,000) divided into 400,000 ordinary shares in the capital of the JV Company.

As at the date on which the parties make their respective Capital Contributions (as defined below), the relevant shareholding proportions of SMHPL and UEML in the JV Company (the “**Shareholding Proportions**”) shall be as follows:

Name of Party	Shareholding Proportion
SMHPL	60%
UEML	40%
Total	100%

Following the incorporation of the JV Company, each of SMHPL and UEML shall, subject to the fulfilment or satisfaction of the Conditions Precedent for Capital Contributions (as defined below) make their respective injections of funds, in cash or in kind, into the JV Company (“**Capital Contributions**”).

It is a Condition Precedent for Capital Contribution (as defined below) that SMHPL and UEML have reached mutual agreement on the Agreed Investment Schedule (as defined below) including the amount of Capital Contribution to be made by each party. As at the date of this announcement, the amount of Capital Contributions has not been determined.

3. PRINCIPAL TERMS OF THE JVA

The salient terms of the JVA are set out as follows:

- 3.1 Subject to the fulfilment of the Conditions Precedent for Incorporation (as defined below), the name of the JV Company shall be “One15 Puteri Harbour Sdn. Bhd.” or such other name as may be acceptable to SMHPL and UEML and approved by the Companies Commission of Malaysia (“**CCM**”).

Conditions precedent for incorporation of the JV Company

- 3.2 The incorporation of the JV Company shall be conditional upon certain conditions (collectively, the “**Conditions Precedent for Incorporation**”) having been fulfilled or satisfied on or before the date falling six (6) months after the date of the JVA or such other date SMHPL and UEML may mutually agree in writing (the “**Long Stop Date for Incorporation**”), including the following:
- (a) the board and the shareholders (if required) of SMHPL and/or the Company approving the transactions contemplated under the JVA;
 - (b) the board and the shareholders (if required) of UEML approving the transactions contemplated under the JVA;
 - (c) SMHPL and UEML having reached mutual agreement on the terms of and initialled the final drafts of the following agreements:
 - (i) asset transfer agreement;
 - (ii) land transfer agreement;
 - (iii) agreement for the right to use and develop the existing marinas at Puteri Harbour;
 - (iv) agreement in respect of the lease and use of the sports centre at Puteri Harbour;
 - (v) trademark and license agreements;
 - (vi) management services agreement; and
 - (vii) agreement in respect of the Individual Social Memberships to be provided by the yacht club.(collectively, the “**Ancillary Agreements**”);
 - (d) SMHPL and UEML having reached mutual agreement on the overall structure of the JV Company, the Private Yacht Club and its management corporation (the “**Private Yacht Club Corporation**”), after taking into account business financial, tax and other relevant considerations; and
 - (e) no material adverse change having occurred.
- 3.3 SMHPL and UEML respectively undertake to use their best endeavours to ensure that the Conditions Precedent for Incorporation are fulfilled as soon as reasonably practicable and in any event by the Long Stop Date for Incorporation provided always that the SMHPL and UEML may agree to extend such Long Stop Date for Incorporation by a mutually agreed period.
- 3.4 Without prejudice to all other rights of any of SMHPL and UEML, unless otherwise provided, if any of the Conditions Precedent for Incorporation are not satisfied or waived by the Long Stop

Date for Incorporation, either SMHPL or UEML shall have the right to terminate the JVA summarily by notice in writing to the other whereby the JVA shall terminate and cease to have any effect save for provisions which survive termination.

Conditions precedent for capital contributions

- 3.5 Subject to paragraph 3.6 below, the respective Capital Contributions of each of SMHPL and UEML shall be conditional upon certain conditions (collectively, the “**Conditions Precedent for Capital Contributions**” and each, a “**Condition Precedent for Capital Contributions**”) having been fulfilled or satisfied, as soon as practicable after the incorporation of the JV Company but in any event on or before the date falling six (6) months after the date of incorporation of the JV Company or such other date as SMHPL and UEML may mutually agree in writing (the “**Long Stop Date for Capital Contributions**”) including the following:
- (a) the JV Company having received written confirmation and exemption from CCM and all approvals, waivers or consents required by law, if applicable, allowing the Private Yacht Club Corporation to be a wholly-owned subsidiary of the Company or majority foreign-owned;
 - (b) the incorporation of the Private Yacht Club Corporation pursuant and subject to the Companies Act 1965 of Malaysia and subject to mutual written agreement on the structure and shareholding of the Private Yacht Club Corporation and/or the JV Company if it is not to be a wholly-owned subsidiary of the JV Company;
 - (c) the execution of the lease agreement between the JV Company and the Private Yacht Club Corporation for the lease of the land by the JV Company to the Private Yacht Club Corporation for the purposes of the Private Yacht Club;
 - (d) the JV Company having obtained all permits, licenses and/or consents that are required under applicable laws for the purposes of the Businesses or the transactions contemplated by the JVA (including but not limited to any permits, licenses and/or consents necessary for the transfer of title of the land on which the Private Yacht Club will be situated, pursuant to the sale and purchase agreement to be entered into in respect thereto);
 - (e) the JV Company having received written confirmation from the CCM that the Private Yacht Club Corporation has the right and is able to commence sale of the its memberships, including but not limited to the Corporate Boating Membership, Individual Boating Membership, the Corporate Social Membership and the Individual Social Membership, at any point in time prior to completion of the construction of the Private Yacht Club, subject to the incorporation of the Private Yacht Club Corporation;
 - (f) the execution of the Ancillary Agreements;
 - (g) if applicable, the execution of the shareholders agreement for the Private Yacht Club Corporation between SMHPL and UEML (and any third party) on terms to be mutually agreed between SMHPL and UEML (and any third party);
 - (h) SMHPL and UEML having reached mutual agreement on the amount of Capital Contributions to be made by each party, the equity structure including the issuance of redeemable preference shares and the timing for which the Capital Contributions are to be made (“**Agreed Investment Schedule**”);
 - (i) SMHPL and UEML having reached mutual agreement on the costs for the development, construction and/or operation of the Private Yacht Club and marinas; and
 - (j) no material adverse change having occurred; and

- (k) the outcome of all legal, commercial and financial due diligence investigations on the proposed joint venture and/or the Businesses, being satisfactory to SMHPL in its sole and absolute discretion provided that such due diligence shall be undertaken by SMHPL at SMHPL's sole costs and expenses.
- 3.6 SMHPL and UEML shall respectively undertake to use their best endeavours to ensure that the Conditions Precedent for Capital Contributions are fulfilled as soon as reasonably practicable and in any event by the Long Stop Date for Capital Contributions provided always that SMHPL and UEML may agree to extend such Long Stop Date for Capital Contributions by a mutually agreed period.
- 3.7 Without prejudice to all other rights of any of SMHPL and UEML, unless otherwise provided, if any of the Conditions Precedent for Capital Contributions are not satisfied or waived by the Long Stop Date for Capital Contributions, either SMHPL or UEML shall have the right to terminate the JVA summarily by notice in writing to the other whereby the JVA shall terminate and cease to have any effect save for provisions which survive termination. SMHPL and UEML shall be under no obligation to make any Capital Contributions and SMHPL and UEML shall require the board of the JV Company to take such steps as may be required to immediately wind up and liquidate the JV Company under applicable laws.

Condition of the JVA

- 3.8 The JVA will become unconditional on the date the last Condition Precedent for Capital Contributions is fulfilled or satisfied.

4. NON-COMPETITION ARRANGEMENT

- 4.1 Each of SMHPL and UEML agree and undertake that:
- (a) as long as it remains a shareholder of the JV Company, and for a period of two (2) years after ceasing to be a shareholder of the JV Company, it and each of its affiliates shall not either on its own account or in conjunction with or on behalf of any person, firm, company or corporation, carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent or otherwise in carrying on any business in the State of Johor Darul Ta'zim, Malaysia ("**Restricted Territory**") which is directly or indirectly in competition with any of the Businesses that the JV Company has carried out and is still undertaking, except with the prior written consent of the other party wherein such consent shall not be unreasonably withheld or delayed.
 - (b) as long as it remains a shareholder of the JV Company, it and each of its affiliates shall not knowingly engage or employ, or solicit or contact with a view to engage or employ any person who was, at any time employed by the JV Company in a senior or specialized capacity; and
 - (c) for a period of two (2) years after ceasing to be a shareholder of the JV Company, it and each of its affiliates shall not knowingly engage or employ, or solicit or contact with a view to engage or employ any person who was, at any time employed by the JV Company within twelve (12) months prior to its cessation as a shareholder of the JV Company in a senior or specialized capacity.
- 4.2 Notwithstanding paragraph 4.1 above, in the event if there is/are opportunities for UEM Sunrise Berhad ("**UEMS**") and/or its affiliates to be involved in business in connection with the provision of management, consultancy or operational review services and the undertaking of task-based assignments, including but not limited to business plan formation, financial modelling, membership programs, market feasibility studies and highest and best use studies similar to the Businesses within the Restricted Territory (the "**Opportunities**"), UEMS and/or its Affiliates shall provide a first right of refusal to SMHPL and/or its affiliates to participate in the Opportunities together with UEMS and/or its affiliates by giving written notice to SMHPL ("**First Right Notice**"). SMHPL and/or its affiliates shall inform UEML in writing of its intention

whether or not to participate in the Opportunities together with UEMS and/or its affiliates within one (1) month from the date of receipt of the First Right Notice. In the event SMHPL and/or its affiliates decides not to participate in the Opportunities with UEMS and/or its affiliates or does not inform UEML of its decision in writing by the expiry of the said one (1) month, UEMS and/or its affiliates may proceed to be involved in the Opportunities on its own or with any other party. In the event SMHPL and/or its affiliates decide to participate in the Opportunities with UEMS and/or its affiliates, the parties shall, in good faith, discuss the terms of such participation.

5. BACKGROUND ON UEML

UEML is wholly-owned subsidiary of UEMS, a public-listed company and the flagship company for township and property development businesses of UEM Group Berhad (“UEM Group”) and Khazanah National Berhad (“Khazanah”). UEM Group is wholly-owned by Khazanah, an investment fund of the Government of Malaysia. UEMS’s core business includes macro township development; high-rise residential, commercial, retail and integrated developments; as well as property management and project & construction services.

6. RATIONALE

As stated in the Company’s circular to shareholders dated 11 May 2015 in relation to, *inter alia*, the acquisition of the entire issued and paid-up share capital of SUTL Marina Development Pte. Ltd. and One15 Luxury Yachting Pte. Ltd. by the Company (the “**SUTL Acquisition**”), it was stated that the ONE15 Marina Club was exploring the development of, *inter alia*, marina resorts in various countries including Malaysia. The Proposed Joint Venture was entered into as a result of these efforts and is in line with the current core business of the Company and its subsidiaries (the “**Group**”). The Proposed Joint Venture is in the ordinary course of business of the Group.

The SMHPL Initial Capital Contribution will be funded by the Group’s internal resources.

7. FINANCIAL EFFECTS OF THE SMHPL INITIAL CAPITAL CONTRIBUTION

The financial effects of the SMHPL Initial Capital Contribution as set out below were prepared based on the audited consolidated accounts of the Group for FY2014 and subject to the following main assumptions:-

- (a) the financial effects are purely for illustrative purposes only and do not represent any projection of the actual future financial performance or financial position of the SUTL Group after the SMHPL Initial Capital Contribution. The financial effects of the SMHPL Initial Capital Contribution are prepared based on the audited consolidated financial statements of the Group for FY2014 however, the number of shares for the financial effects relating to the net tangible asset value (“**NTA**”) and the consolidated earnings per share (“**EPS**”) of the Company is based on the number of issued Shares (excluding treasury shares) as at the date of this Announcement being 86,460,602 ordinary shares;
- (b) for the purpose of computing the consolidated earnings and consolidated earnings per share (“**EPS**”) of the Company after the SMHPL Initial Capital Contribution, it is assumed that the SMHPL Initial Capital Contribution was effected on 1 January 2014;
- (c) for the purpose of calculating the consolidated net tangible asset value (“**NTA**”) of the Company after the SMHPL Initial Capital Contribution, it is assumed that the SMHPL Initial Capital Contribution was completed on 31 December 2014; and
- (d) the completion of the SUTL Acquisition having taken place on 1 January 2014.

(i) EPS

	Before the completion of the SUTL Acquisition⁽¹⁾, the Share Consolidation⁽²⁾ and the SMHPL Initial Capital Contribution	After the completion of the SUTL Acquisition and the Proposed Share Consolidation but before the completion of the SMHPL Initial Capital Contribution	After the completion of the SUTL Acquisition, the Proposed Share Consolidation and the SMHPL Initial Capital Contribution
Loss attributable to Shareholders for FY 2014 (S\$,000)	6,335	3,768	3,768
Weighted average number of Shares	523,142,696	86,460,602	86,460,602
Loss per Share (cents)	1.21	4.36	4.36

Note:-

- (1) The Company announced on 10 June 2015, that on the completion of the SUTL Acquisition, the Company issued 341,463,414 Shares to SUTL Global Pte. Ltd.
- (2) The Company announced on 2 November 2015, that the share consolidation of every ten (10) existing ordinary shares in the capital of the Company into one (1) ordinary share had been completed.

(ii) NTA per Share

	Before the completion of the SUTL Acquisition ⁽¹⁾ , the Share Consolidation ⁽²⁾ and the SMHPL Initial Capital Contribution	After the completion of the SUTL Acquisition and the Proposed Share Consolidation but before the completion of the SMHPL Initial Capital Contribution	After the completion of the SUTL Acquisition, the Proposed Share Consolidation and the SMHPL Initial Capital Contribution
NTA as at 31 December 2014 (S\$'000)	27,645	49,661	49,661
Number of Shares	523,142,696	86,460,602	86,460,602
NTA per Share (cents)	5.28	57.44	57.44

Note:-

- (1) The Company announced on 10 June 2015, that on the completion of the SUTL Acquisition, the Company issued 341,463,414 Shares to SUTL Global Pte. Ltd.
- (2) The Company announced on 2 November 2015, that the share consolidation of every ten (10) existing ordinary shares in the capital of the Company into one (1) ordinary share had been completed.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the substantial shareholders or directors of the Company has an interest, direct or indirect, in the above actions by the Group, save through their shareholdings in the Company.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Joint Venture. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JVA will be available for inspection by the shareholders of the Company, at the registered office of the Company at 100J Pasir Panjang Road, #05-00 SUTL House, Singapore 118525 during normal business hours for a period of three (3) months from the date of this Announcement. BY ORDER OF THE BOARD

TAY TENG GUAN ARTHUR
Executive Director and Chief Executive Officer
22 February 2016