

SEAL INCORPORATED BERHAD (“SEAL” OR THE “COMPANY”)

PROPOSED SUBSCRIPTION OF 20% EQUITY INTEREST IN MSR GREEN ENERGY SDN. BHD. (“MSRGE”) BY SEAL (“PROPOSED MSRGE INVESTMENT”)

1. INTRODUCTION

The Board of Directors of Seal (“**Board**”) wishes to announce that the Company has on 6 February 2024 entered into a subscription agreement with MSR Green Energy Sdn. Bhd. (Registration No.: 201201032747 (1017235-W)) (“**MSRGE**”) (“**Subscription Agreement**”) for a proposed subscription of shares in MSRGE by the Company for an aggregate subscription price of RM15,000,000 (“**Subscription Amount**”) in the following manner:-

- (a) 1,464,926 ordinary shares in MSRGE (“**MSRGE Shares**”) which represents an equity stake of 20% in MSRGE, for a total subscription price of RM8,704,220; and
- (b) 1,059,583 irredeemable convertible preference shares in MSRGE (“**MSRGE ICPS**”), for a total subscription price of RM6,295,780.

MSRGE Shares and MSRGE ICPS are hereinafter collectively referred to as “**Subscription Shares**”.

Post completion of the Proposed MSRGE Investment, MSRGE will become an associated company of Seal.

In view of the interest of the Interested Shareholder (as defined in Section 8 of this announcement) in the Proposed MSRGE Investment as set out in Section 8 of this announcement, the Proposed MSRGE Investment is a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Proposed MSRGE Investment provides an opportunity for the Company to diversify its existing businesses into renewable energy, in particular for the Engineering, Procurement, Construction and Commissioning (“**EPCC**”) works for solar and renewable energy segment, to tap into the potential opportunities arising from the government’s intense effort to decarbonize the power sector. The Proposed MSRGE Investment is expected to benefit the Company from the prospects, potentials, and growth of the renewable energy industry in Malaysia and contribute positively to the earnings of the Company in the future.

2. DETAILS OF THE PROPOSED MSRGE INVESTMENT

2.1. The Proposed MSRGE Investment

The Proposed MSRGE Investment entails the subscription of the MSRGE Shares and MSRGE ICPS by the Company at an issue price of RM5.9417 for each of the MSRGE Shares and MSRGE ICPS.

The Company shall pay a refundable deposit of RM5 million (“**Deposit**”) to MSRGE within five (5) business days from the date of the Subscription Agreement for the Proposed MSRGE Investment. On or before the completion date of the Subscription Agreement, the Company shall pay the balance of the Subscription Amount of RM10 million (“**Balance Subscription Amount**”) to MSRGE. In turn, MSRGE shall allot the MSRGE Shares and MSRGE ICPS to the Company.

Upon the Subscription Shares being allotted to the Company, the Company will have an equity stake of 20% in MSRGE. MSRGE shall have the right to convert the MSRGE ICPS to ordinary shares in MSRGE at a conversion ratio of one (1) new ordinary share in MSRGE for every one (1) MSRGE ICPS as and when MSRGE allot and issue any ordinary

share to other shareholders of MSRGE, so that the Company's 20% equity stake in MSRGE will be maintained at all times.

The salient terms and conditions of the Subscription Agreement are set out in **Appendix I** of this announcement.

2.2. Information on MSRGE

MSRGE is a company incorporated in Malaysia under the Companies Act 1965 and is deemed registered under the Companies Act 2016 on 18 September 2012 with its business address at Unit 32.03, 32nd Floor, Menara TA One, 22, Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia. As at the date of this announcement, the issued capital of MSRGE is RM6,540,464.00 comprising of 5,385,116 ordinary shares.

The shareholders of MSRGE and their respective shareholding in MSRGE as at the date of this announcement are as follows:-

| No. | Shareholders | No. of Ordinary Shares | Equity Interest |
|-----|---|------------------------|-----------------|
| 1. | KVC Corporation Sdn. Bhd. (" KVC Corp ") | 2,744,616 | 51% |
| 2. | Ong Kah Hui (" OKH ") | 2,542,500 | 47% |
| 3. | Qiang, Xiaoyu (" QX ") | 98,000 | 2% |
| | Total | 5,385,116 | 100.0% |

The Directors of MSRGE are OKH, Chen Khai Voon ("**CKV**"), Dato' Jeeventhiran A/L Ramanaidu, QX, Lee Swee Kheng and Hew Voon Foo.

MSRGE is principally involved in the business of installation and servicing of solar photovoltaic ("**PV**") system, renewable energy projects management, consultancy and construction, electrical works and any other ancillary business. MSRGE is a developer developing solar PV projects which include design and EPCC of solar PV system. OKH, the promoter for MSRGE and Malaysian Solar Resources Sdn. Bhd. ("**MSR**"), had successfully, directly or indirectly, commissioned approximately 176 megawatt-peak ("**MWp**") of solar PV facilities comprising ground-mounted, net energy metering ("**NEM**"), retrofits and buildings-integrated PV.

OKH is a substantial shareholder in MSRGE, who owns 25% direct equity interest in MSR.

As at the date of this announcement, MSRGE does not have any subsidiary, associate and joint venture company. However, MSRGE is in the progress of acquiring from MSR an equity stake ranging from 35% to 50% in GDP Power Distribution Sdn. Bhd., MSR Green Digital Park Sdn. Bhd. and GDP Solar Farm Sdn. Bhd. ("**Acquisitions**"). Upon completion of the Acquisitions, MSRGE will issue additional 230,754 new ordinary shares in MSRGE at an issue price of RM4.00 each to MSR or its nominated persons ("**Acquisitions Shares**").

In conjunction with the Acquisitions and to raise the required working capital, MSRGE is in process of undertaking a private placement of up to 2,405,384 new ordinary shares in MSRGE at an issue price of RM4.00 each to KVC Corp ("**Placement Shares**"). KVC Corp shall subscribe to such number of Placement Shares progressively as and when MSRGE issues additional new ordinary shares to other shareholders of MSRGE, which include the Company. The Placement Shares will be subscribed by KVC Corp so it will always maintain its 51.0% equity stake in MSRGE prior to the completion of the Proposed MSRGE Investment. Post completion of the Proposed MSRGE Investment, KVC Corp's equity interest in MSRGE will be diluted to 40.8%.

MSRGE will establish a share grant plan of up to 2,076,784 new MSRGE's ordinary shares at an issue price of RM4.00 per share ("**SGP Shares**") to reward the key management

comprises of OKH and QX upon them successfully crystallising the agreed key actions plans with MSRGE, which among others include the development of the green digital park in Johor.

Upon completion of allotment of the Acquisitions Shares, Placement Shares, SGP Shares and Subscriptions Shares, the enlarged number of shares of MSRGE will increase from the existing 5,385,116 ordinary shares to 12,622,547 ordinary shares.

The Acquisitions Shares and part of the Placement Shares to be subscribed by KVC Corp in conjunction with the issuance of the Acquisition Shares shall be completed prior to the completion of the Subscription Shares so as the shareholding of KVC Corp, OKH and QX, and the Company will be 40.8%, 39.20% and 20.0% respectively.

Based on the latest audited financial statements of MSRGE for the financial year ended 31 December 2022, MSRGE recorded a loss after taxation and deficit net assets of RM14.3 million and RM8.3 million respectively.

2.3. Basis and justification in arriving at the Subscription Amount

The Subscription Amount for the Proposed MSRGE Investment was arrived at on a willing buyer-willing seller basis after taking into consideration, among others:-

- (i) the various licenses held by and certification awarded to MSRGE and the track record and experience of MSRGE;
- (ii) the order book of MSRGE in respect of its existing secured projects and the projects that are being pursued by MSRGE; and
- (iii) the rationale for and benefits of the Proposed MSRGE Investment and the prospects, potentials, and growth of the renewable energy industry.

2.4. Liabilities to be assumed

There are no other liabilities, contingent liabilities or guarantees to be assumed by the Company pursuant to the Proposed Investment.

2.5. Additional financial commitment required

Save for the equity funding requirements (if any) for the projects that are being pursued by MSRGE and if so awarded to MSRGE, the Board does not foresee any additional financial commitment arising from the Proposed MSRGE Investment.

2.6. Source of Funding

The Subscription Amount will be funded by the proceeds raised from the private placement exercise completed by the Company on 20 July 2023 (“**Placement**”) and internally generated fund, the quantum of which will be determined by the Company at a later date but prior to the completion of the Proposed MSRGE Investment.

3. RATIONALES FOR THE PROPOSED MSRGE INVESTMENT

The Proposed MSRGE Investment provides an opportunity for the Company and its subsidiaries (“**Seal Group**”) to diversify its existing business into renewable energy to tap into the potential opportunities arising from the government's intense effort to decarbonize the power sector. The venturing into solar renewable energy will enable the Seal Group to develop a more resilient business model and diversify its income stream especially after witnessing the effects of the coronavirus disease 2019 (COVID-19) pandemic on global economies and the business of Seal Group. In this connection, the Company had embarked on equity fund raising exercise via a

private placement exercise completed on 20 July 2023 to raise funds to finance the acquisition/ investment in potential new viable business to diversify its revenue stream.

The Proposed MSRGE Investment will also provide an avenue for Seal Group to progressively transform into an environmental, social and governance (“**ESG**”) entity which will accord Seal Group with greater recognition and support amongst investors, in particular among the larger institutional investors who invest based on ESG criteria. Every year, about 43% of climate finance (USD30.6 billion) flowing from developed to developing countries is channelled to Asia⁽¹⁾.

In addition, Seal Group expects the Proposed MSRGE Investment will contribute positively to the consolidated earnings of Seal Group in the future.

(1) Source: *Energy Malaysia*, vol 23, 2022

4. PROSPECT OF MSRGE

In 2020, the Ministry of Energy and Natural Resources of Malaysia set a target to reach 31% of renewable energy (“**RE**”) share in the national installed capacity mix by 2025. The Malaysia Renewable Energy Roadmap (“**MyRER**”) was launched in 2021, aiming to achieve this target and attaining decarbonization of the electricity sector by 2035. The MyRER also outlines strategies and an action plan to achieve a 40% RE installed capacity target by 2035.

As at December 2020, the total RE installed capacity in Malaysia was 8,450 MW which correspond to a share of RE in total installed capacity mix of 23%, where solar PV accounts for approximately 18% (1,534 MW).

Malaysia’s proximity to the equator provides strong solar irradiance in the range of 1,575 – 1,812 kWh/m² throughout the year, which is close to the average solar irradiance for Southeast Asia (1,500 to 2,000 kWh/m²). In MyRER, 269 GW potential for solar PV, dominated by ground-mounted configurations (210 GW), including considerable potential from rooftop (42 GW) and floating configurations (17 GW) were identified.

On 26 January 2024, the Ministry of Energy Transition and Public Utilities announced that the government will roll out quotas for 2.8GW of new renewable energy (RE) capacities which among others include:-

- (a) 2GW of solar capacity (including 500MW of floating solar) under Malaysia’s fifth large scale solar (LSS5) scheme; and
- (b) A quota of 400MW under the NEM for households (100MW under NEM Rakyat) and commercial and industrial segment (300MW under NEM Nova).

(Source: *Malaysia Renewable Energy Roadmap*, Sustainable Energy Development Authority Malaysia, launched on 30 December 2021, press release by Ministry of Energy Transition And Public Utilities)

MSRGE, with a solid track record in commissioning more than approximately 140MWp solar PV, expects to benefit from the above programme launched by the government as these new quotas will come with EPCC works which is one of MSRGE’s key strength. The key management of MSRGE also equipped with experience in commissioning the floating solar PV in Malaysia as well as the large-scale solar which will provide competitive advantages to MSRGE in EPCC jobs bidding for the solar PV quota launched by the government.

MSRGE also aims to become a RE assets owner and venture into EPCC for other RE technologies.

5. RISKS FACTORS

5.1. Non-completion of the Proposed MSRGE Investment

There is a possibility that the Proposed MSRGE Investment may not be completed due to failure in fulfilling the conditions precedent as set out in the Subscription Agreement within the timeframe prescribed therein. In addition, the Proposed MSRGE Investment is conditional upon the approvals from relevant authorities or parties, as set out in Appendix I of this announcement.

Nevertheless, the Board will take reasonable steps to ensure that the conditions precedent as set out in the Subscription Agreement are met within the stipulated timeframe and that every effort is made to obtain all necessary approvals for the Proposed MSRGE Investment in order to complete the Proposed MSRGE Investment in a timely manner.

5.2. Investment risk

Although the Proposed MSRGE Investment is expected to contribute positively to the future earnings of Seal Group, it is dependent on MSRGE's ability to continually secure new projects as well as to complete the projects timely. Hence, there is no guarantee that the anticipated benefits from the Proposed MSRGE Investment will be realised or that MSRGE will be able to generate sufficient returns to offset the associated cost of investment.

As such, there is no assurance that the Proposed MSRGE Investment will enable Seal Group to improve its financial performance and the duration required for the Company to recoup its investment could be longer than anticipated.

Nevertheless, having considered the potential risk and benefits associated with the Proposed MSRGE Investment, the Proposed MSRGE Investment will be value accretive to Seal Group, after taking into consideration, inter-alia, the prospects of MSRGE, the experience and expertise of MSRGE's management in solar renewable energy.

5.3. Dependency on MSRGE's key management

The financial and business performance of MSRGE is dependent to a certain extent on the skills, abilities, experience, and competencies of MSRGE's key management, namely OKH and XQ. OKH who is the chief executive officer, is responsible for the overall strategic direction and business strategies of MSRGE. QX takes on the responsibilities for business operation and undertaking of the EPCC works for MSRGE.

Nevertheless, upon completion of the Proposed MSRGE Investment, Seal Group will nominate a director to be the director in MSRGE to monitor the financial performance and operation of MSRGE. In accordance with the Subscription Agreement, the Company is entitled to appoint one (1) director to MSRGE to oversee its investment interest in MSRGE.

5.4. Risk inherent in the solar renewable energy industry

Pursuant to the Proposed MSRGE Investment, Seal Group will be exposed to new business risks in relation to solar renewable energy. Any adverse development in the political, economic, regulatory and social environment in Malaysia, directly or indirectly, could materially and adversely affect the financial performance and prospects of MSRGE. These uncertainties include, among others, changes in government policies and regulations relating to power generation, transmission and distribution, financial and other incentives provided to encourage new solar renewable energy facilities, and decrease in electricity tariffs. Some of these changes may reduce the attractiveness of investing in new solar renewable energy facilities, which may adversely affect the EPCC; and construction and installation works for new solar PV facilities.

In mitigating such risks, Seal Group will adopt a proactive approach to monitor and review its business strategies in response to the changes in political, economic, and regulatory conditions.

6. EFFECTS OF THE PROPOSED MSRGE INVESTMENT

6.1 Share capital and substantial shareholder's shareholdings

The Proposed MSRGE Investment will not have any effect on the issued share capital of the Company and the substantial shareholders' shareholding in the Company as the Proposed MSRGE Investment does not involve any issuance of new ordinary shares of the Company.

6.2 Net assets per share and gearing

The Proposed MSRGE Investment will not have any effect on the consolidated net assets per share and gearing of Seal Group.

6.3 Earnings per share ("EPS")

The Proposed MSRGE Investment is not expected to have any material effect on the consolidated EPS of Seal Group for the financial year ending 30 June 2024. However, the Proposed MSRGE Investment is expected to contribute positively to the Seal Group's future earnings.

6.4 Convertible securities

The Company does not have any convertible securities as at the date of this announcement.

7. APPROVALS REQUIRED

The Proposed MSRGE Investment is not subject to the Company's shareholders' approval and not conditional or inter-conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the directors, major shareholders and/or chief executives of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed MSRGE Investment.

CKV, a substantial shareholder of the Company holding approximately 29.22% of direct equity interest in the Company, is also a shareholder of KVC Corp. (an existing shareholder of MSRGE holding 51% equity interest in MSRGE) and a director of MSRGE. Hence, CKV is deemed interested in the Proposed MSRGE Investment ("**Interested Shareholder**").

Lee Swee Kheng ("**LSK**"), an independent and non-executive director of the Company, is also a director of MSRGE. In view of the said common directorship, LSK has voluntarily abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of Company on the relevant resolutions pertaining to the Proposed MSRGE Investment.

9. AMOUNT TRANSACTED WITH THE INTERESTED SHAREHOLDER FOR THE PRECEDING 12 MONTHS

For information, the Interested Shareholder is the sole subscriber for the placement shares under the Placement which was completed on 20 July 2023. Save for this, as at the date of this Announcement, there were no other transactions entered into by the Company with the Interested Shareholder for the preceding twelve (12) months from the date of this announcement.

10. DIRECTORS' STATEMENT

The Board (save for LSK) after having considered all aspects of the Proposed MSRGE Investment, including but not limited to the rationale and effects of the Proposed MSRGE Investment as well as the salient terms of the Subscription Agreement, and after careful deliberation, is of the opinion that the Proposed MSRGE Investment is in the best interests of the Company.

11. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company, after having considered the terms and conditions of the Subscription Agreement; and rationales of the Proposed MSRGE Investment, is of the opinion that the Proposed MSRGE Investment is in the best interests of the Company; fair, reasonable and on normal commercial terms; and not detrimental to the interest of the non-interested shareholders of the Company.

12. ADVISER

Astramina Advisory Sdn Bhd is the appointed Financial Adviser to the Company in relation to the Proposed MSRGE Investment.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed MSRGE Investment pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.5%.

14. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Investments is expected to be completed by the second (2nd) quarter of 2024.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The Subscription Agreement is available for inspection at the registered office of Seal during office hours from Monday to Friday (except public holidays) at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200, George Town, Pulau Pinang for a period of three (3) months from the date of this announcement.

This announcement is dated **6 February 2024**.

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Salient Terms of the Subscription Agreement

The salient terms of the Subscription Agreement are as follow:-

1. Conditions Precedent

- (a) The Subscription Agreement is conditional upon the fulfilment of the following conditions within 45 days from the date of the Subscription Agreement ("**Cut-off Date**") or such other date as may be mutually agreed between the Company and MSRGE (collectively, the "**Parties**" or individually "**Party**"):
 - (i) the approval of the board of directors and shareholders of MSRGE having been obtained for the following:-
 - (aa) issuance of the Subscription Shares based on the terms and conditions as set out in this Subscription Agreement; and
 - (bb) adoption of the terms and conditions of MSRGE ICPS into the MSRGE's Constitution;
 - (ii) the approval of the Company's board of directors to subscribe for the Subscription Shares based on the terms and conditions as set out in the Subscription Agreement having been obtained;
 - (iii) the Company having completed and being satisfied at its discretion with the results of the due diligence on the financial, legal, business and other affairs of MSRGE by accountants, auditors and solicitors, or such other professionals appointed by the Company for the purposes of the Subscription Agreement;
 - (iv) Pre-emptive rights waiver from existing shareholders of MSRGE (where required);
 - (v) Approval or consent of the existing financiers and/or creditors of MSRGE (where required); and
 - (vi) Any other approvals, waivers or consents of any relevant authorities and/or parties as may be required by law or regulation or deemed necessary by the Parties.

(collectively referred to as the "**Conditions Precedent**")
- (b) In the event that the Conditions Precedent are not fulfilled by the Cut-off Date, the Parties agreed to automatically extend the Cut-off Date by another one (1) month (or such longer period as the Parties may agree) from the expiry of the Cut-off Date ("**Extended Cut-off Date**").
- (c) If the Conditions Precedent are not fulfilled by the expiry of the Extended Cut-off Date and the Parties do not waive the fulfilment of the same:-
 - (i) the Subscription Agreement shall automatically lapse and shall be null and void and of no effect;
 - (ii) MSRGE shall return all monies received from the Company, to the Company without any interest payable by MSRGE PROVIDED ALWAYS that if the conditions precedent are not fulfilled by MSRGE, any amount paid by the Company under this Subscription Agreement shall be repaid with interest calculated at the rate of 8% per annum from the date of payment the date falling fifth (5) Business Day after the Subscription Agreement lapsing; and
 - (iii) neither parties shall have any claim against each other.

- (d) Upon fulfilment of all the Conditions Precedent, the Subscription Agreement shall become unconditional. The date on which the Subscription Agreement becomes unconditional is referred to as the “**Unconditional Date**”.

2. Due Diligence

The Company and its appointed advisers may carry out a due diligence review to examine, review and verify the financial, legal, business, and other affairs of MSRGE. Subject to MSRGE making available all information, records, accounts, company statutory books, correspondences and all such documents as the Company and its appointed advisers shall reasonably require to conduct and complete the due diligence review, the Subscriber shall conclude its due diligence of MSRGE within one (1) month from the date hereof, with additional one (1) month automatic extension, unless further extended otherwise by mutual consent.

3. Completion Condition

MSRGE shall complete the Acquisitions and part of the Placement Shares in conjunction with the Acquisitions prior to the Subscription Date (as hereinafter defined)

4. Payment of the Subscription Amount and Completion

- (a) The Company shall within five (5) business days from the date of the Subscription Agreement pay the Deposit to MSRGE.
- (b) The subscription of the Subscription Shares shall take place within five (5) business days from the Unconditional Date (“**Subscription Date**”).
- (c) On or before the Subscription Date, the Company shall make payment of the Balance Subscription Amount to MSRGE.
- (d) MSRGE shall upon payment of the Balance Subscription Amount, allot and issue the Subscription Shares to the Company and deliver to the Company the original share certificates for the Subscription Shares.

5. Company's Board of Director Representative

MSRGE agrees that pursuant to the Proposed MSRGE Investment, the Company shall appoint one (1) director to represent its interest in MSRGE, which such appointment shall be formalised upon the completion of the Proposed MSRGE Investment.

6. Termination

- (a) If the issuance of the Subscription Shares could not be completed due to a Party's default or breach of any of the terms of this Subscription Agreement or if any Party breaches any of the terms of this Subscription Agreement, the non-defaulting Party shall have the right to require the defaulting Party to procure the same to be completed and/or remedied where applicable within fourteen (14) days, failing which the non-defaulting Party shall be entitled to claim for either:
 - (i) specific performance of this Subscription Agreement; or
 - (ii) terminate the Subscription Agreement by notice in writing and upon such termination, the defaulting Party shall pay to the non-defaulting Party all costs incurred by non-defaulting Party relating to and in connection with the Subscription Agreement, after which the non-defaulting Party shall have no other claim whatsoever against defaulting Party save and except for any antecedent breaches.
- (b) Upon the termination of the Subscription Agreement for any reason whatsoever, MSRGE shall release the Deposit and/or Balance Subscription Amount (where applicable) received to the Subscriber. If MSRGE alleges that it is entitled to such costs under Clause 3(a)(ii), it shall release the balance deposit after retaining the costs. Notwithstanding the retention, the return of the Deposit and/or Balance Subscription Amount shall be without prejudice to any other rights and remedies which a Party may have under this Subscription Agreement against the other Party including but not limited to any claim for damages.

Terms of the MSRGE ICPS

| No. | Terms | Description |
|-----|---------------------------------------|---|
| 1. | Issuer | MSRGE |
| 2. | Issue price | Approximately RM5.9417 per Subscription ICPS |
| 3. | Issue size | Up to 1,059,583 MSRGE ICPS |
| 4. | Tenure | 5 years commencing from and inclusive of the date of issuance of the MSRGE ICPS ("Tenure"). |
| 5. | Maturity date | The day immediately preceding the 5th anniversary from the date of issuance of the MSRGE ICPS ("Maturity Date"). If such day falls on a non-market day, then the Maturity Date would be the preceding market day. |
| 6. | Transferability | The MSRGE ICPS shall not be transferable. |
| 7. | Dividend rate | MSRGE has full discretion over the declaration of dividends, if any. Dividends declared and payable annually in arrears are non-cumulative and shall be paid in priority over the ordinary shares in MSRGE during the Tenure. |
| 8. | Conversion Rights | <p>8.1 MSRGE shall be entitled to convert each MSRGE ICPS into one (1) new ordinary share in MSRGE during the Tenure ("Conversion Rights") subject to and in accordance with the provisions of Clause 8.2, 8.3, 8.4 below and Clause 10.</p> <p>8.2 MSRGE shall give not less than 14 days notice to the holders ("Conversion Notice") specifying:</p> <ul style="list-style-type: none"> (i) the number of MSRGE ICPS to be converted; and (ii) the date of conversion of the MSRGE ICPS which shall be a date within 14 days from the date of the Conversion Notice ("Conversion Date"). <p>8.3 On the Conversion Date and subject to the conversion being effected, the MSRGE ICPS converted on that date shall cease to have any preference or priority set out in the Constitution of MSRGE.</p> <p>8.4 Any cumulative and unpaid portion of the dividend up to the Conversion Date shall be paid by MSRGE to the MSRGE ICPS holders, subject to applicable law.</p> |
| 9. | Conversion ratio and conversion price | <p>9.1 The conversion price is RM5.9417 per MSRGE ICPS by way of surrendering one (1) MSRGE ICPS for conversion of one (1) MSRGE Share ("Conversion Ratio").</p> <p>9.2 No additional cost or consideration shall be payable by the holders of the MSRGE ICPS upon such exercise of the Conversion Rights.</p> <p>9.3 The additional cost or consideration arising from the conversion of the MSRGE ICPS shall be borne by MSRGE and such consideration shall be credited as share capital of MSRGE upon issuance and allotment of the new MSRGE Shares pursuant to the conversion of MSRGE ICPS.</p> |

| No. | Terms | Description | | | | | | | | | | | | | | | | | | |
|-----|---|---|-----|------------|---|----|--|---------|----|---|---------|----|--|---------|----|---|---------|--|-------|-----------|
| 10. | Conversion schedule | <p>10.1 The MSRGE ICPS shall be convertible at the option of MSRGE as follows:</p> <table> <tr> <th>No.</th><th>Milestones</th><th>No. of MSRGE ICPS Eligible for Conversion</th></tr> <tr> <td>1.</td><td>Upon execution of definitive agreements between the Company and the investor for data center</td><td>317,875</td></tr> <tr> <td>2.</td><td>Upon MSR Green Digital Park Sdn. Bhd. commences construction of data center</td><td>245,698</td></tr> <tr> <td>3.</td><td>Upon GDP Solar Farm Sdn. Bhd. commences construction of solar farm</td><td>221,891</td></tr> <tr> <td>4.</td><td>Upon GDP Power Distribution Sdn. Bhd. commences construction of power distribution facilities</td><td>274,119</td></tr> <tr> <td></td><td>Total</td><td>1,059,583</td></tr> </table> <p>10.2 Any remaining MSRGE ICPS that is not converted by the Maturity Date shall be automatically converted into MSRGE Shares at the Conversion Ratio.</p> | No. | Milestones | No. of MSRGE ICPS Eligible for Conversion | 1. | Upon execution of definitive agreements between the Company and the investor for data center | 317,875 | 2. | Upon MSR Green Digital Park Sdn. Bhd. commences construction of data center | 245,698 | 3. | Upon GDP Solar Farm Sdn. Bhd. commences construction of solar farm | 221,891 | 4. | Upon GDP Power Distribution Sdn. Bhd. commences construction of power distribution facilities | 274,119 | | Total | 1,059,583 |
| No. | Milestones | No. of MSRGE ICPS Eligible for Conversion | | | | | | | | | | | | | | | | | | |
| 1. | Upon execution of definitive agreements between the Company and the investor for data center | 317,875 | | | | | | | | | | | | | | | | | | |
| 2. | Upon MSR Green Digital Park Sdn. Bhd. commences construction of data center | 245,698 | | | | | | | | | | | | | | | | | | |
| 3. | Upon GDP Solar Farm Sdn. Bhd. commences construction of solar farm | 221,891 | | | | | | | | | | | | | | | | | | |
| 4. | Upon GDP Power Distribution Sdn. Bhd. commences construction of power distribution facilities | 274,119 | | | | | | | | | | | | | | | | | | |
| | Total | 1,059,583 | | | | | | | | | | | | | | | | | | |
| 11. | Liquidation preference/ repayment of capital | In the event of winding-up of the MSRGE, the MSRGE ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in MSRGE, cash repayment in full of the amount of any dividend that has been declared and remaining in arrears (if any). After the payment of any dividends to the holders of MSRGE ICPS, the remaining assets shall be distributed first to the holders of MSRGE ICPS in full of the amount which is equal to the issue price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of MSRGE. | | | | | | | | | | | | | | | | | | |
| 12. | Voting Rights | <p>12.1 The MSRGE ICPS shall not confer on the holders thereof the right to vote in either in person or by proxy at any general meeting of MSRGE except in the following circumstances:</p> <ul style="list-style-type: none"> (a) the business of such meetings is or includes the consideration of a resolution relating to the following: <ul style="list-style-type: none"> (i) the reduction of capital of MSRGE; (ii) the winding-up of MSRGE; (iii) any abrogation or variation or otherwise directly affecting the rights and privileges attaching to the MSRGE ICPS; (b) the creation of any new class of redeemable preference shares and redeemable convertible preference shares ranking in priority to or pari passu with those MSRGE ICPS in issue; or (c) proposal for the disposal of the whole of MSRGE's business and undertaking. <p>12.2 Where the holders of MSRGE ICPS are entitled to vote at any general meeting, every MSRGE ICPS shall on a poll carry 1 vote.</p> | | | | | | | | | | | | | | | | | | |

| No. | Terms | Description |
|-----|---|---|
| | | 12.3 However, the holders of the MSRGE ICPS shall be entitled to receive notices, reports and accounts (including balance sheets and profit and loss accounts) and attending meetings to which holders of ordinary shares in the capital of MSRGE are entitled to attend. |
| 13. | Ranking of MSRGE ICPS | The MSRGE ICPS will rank on par among themselves in all respects. |
| 14. | Ranking of new MSRGE shares issued pursuant to the conversion of MSRGE ICPS | The new ordinary shares in MSRGE to be issued pursuant to the conversion of the MSRGE ICPS shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of MSRGE, save and except that they will not be entitled to any dividends or distribution made prior to the Conversion Date of the MSRGE ICPS. |
| 15. | Listing of MSRGE ICPS | The MSRGE ICPS shall not be listed or quoted on any stock exchange. |
| 16. | Governing laws | The laws of Malaysia. |