SUNSURIA
Building Today Creating Tomorrow

SUNSURIA BERHAD
Registration No.: 196801000641 (8235K)

JOINT VENTURE BETWEEN SUNSURIA ARENA SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF SUNSURIA BERHAD AND VICTORIA EDUCATION SDN. BHD.

1. INTRODUCTION

The Board of Directors of Sunsuria Berhad ("Sunsuria" or "the Company") wishes to announce that Sunsuria Arena Sdn. Bhd. ("SASB"), a wholly-owned subsidiary of the Company had on 11 March 2021 entered into a Shareholders' Agreement (the "Agreement") with Victoria Education Sdn. Bhd. for the purpose of carrying on the establishment, operation and management of pre-schools using the Trade Mark of "MindChamps" ("the Joint Venture"). SASB and VESB agreed to incorporate a joint venture company ("JV Co.") which shall act as the special purpose vehicle for the Joint Venture.

Any one or both of SASB and VESV are the known as the Shareholder/ Shareholders of the JV Co.

2. THE JOINT VENTURE

2.1 Information on Sunsuria, SASB and VESB

i) Sunsuria

Sunsuria is a public company incorporated in Malaysia under the Companies Act 2016, listed on Bursa Malaysia Securities Berhad. As at the date of this announcement, the issued share capital of Sunsuria is 895,917,302 Ordinary Shares. The principal business activity of Sunsuria is investment holding and provision of management services.

ii) SASB

SASB is a wholly-owned subsidiary of Sunsuria and is a private company limited by shares established in Malaysia under the Companies Act 2016. As at the date of this announcement, the issued share capital of SASB is 2 Ordinary Shares. The principal business activity of SASB is investment holding company.

iii) VESB

VESB is a private company limited by shares established in Malaysia under the Companies Act 2016. As at the date of this announcement, the issued share capital of VESB is 100 Ordinary Shares. The principal business activity of VESB is provision of pre-primary education (private)/ kindergarten.

2.2 Salient terms of the Agreement

2.2.1 General

i) The purpose of the Joint Venture is carrying on the establishment, operation and management of pre-schools using the Trade Mark of “MindChamps” (the “business”).

ii) Within thirty (30) days from the date of the Agreement or such date as mutually agreed in writing between the Parties, SASB and VESB agreed to incorporate a JV Co. and to subscribe for the shares in the JV Co. at the issued price of RM1.00 each in the following proportion (“the Shareholding Proportions”):

Party	No. of shares	% shareholding
SASB	30,000	30%
VESB	70,000	70%
Total:	**100,000**	**100%**

and for the avoidance of doubt and unless otherwise agreed in writing between the Parties, in the event of any breaches of the terms of the Agreement by the Shareholders, the Shareholding Proportions shall be varied in accordance with the terms of the Agreement provided always that VESB’s shareholding in the JV Co. shall, at all times, not be lower than 60%.

iii) The Directors of the JV Co. shall comprise up to three (3) natural persons of whom one (1) shall be appointed by SASB and two (2) shall be appointed by VESB. The Chairman of the Board of Directors and the Managing Director shall be elected by SASB and VESB.

2.2.2 Financial Requirement

i) The Parties mutually agree that the JV Co. shall use its best efforts to raise all the necessary funding required for the purpose of the Business as and when required.

ii) In the best interest of the JV Co., it is hereby agreed that the Shareholders shall discuss and mutually agree on the most efficient manner to meet the Company’s financial requirements.

iii) As far as possible, financing for the JV Co. shall be obtained from the following sources:

a) contribution by the Shareholders by way of shareholders’ advance or subscription of preference shares in the JV Co. in accordance with the Shareholding Proportions or in any proportions as otherwise mutually agreed between the Shareholders;

b) financing from the banks and financial institutions on the most favorable terms reasonably obtainable as to the financier’s interest rate margin, repayment and security, and as approved by Board; or

c) any other source of financing to be determined by the Board.

iv) Unless the Shareholders otherwise, mutually agree, the repayment by the JV Co. of any shareholders’ advances to the Shareholders pursuant to the terms herein shall be on the basis that each repayment shall be to all Shareholders (but not some of them only) in proportion to their shareholders' advances outstanding as of the intended date of the repayment.

2.2.3. Termination

The Agreement shall continue in full force and effect until terminated in accordance with the following events:

i) mutual agreement in writing between the Parties to terminate the Agreement;
ii) the winding-up of the JV Co.;
iii) when the JV Co. ceases to carry on any Business;
iv) where the franchise agreement entered into between the JV Co., MindChamps Preschool Limited and VESB is terminated; or
v) due to the events of default as listed in clause 2.2.4.

2.2.4. Events of Default

On the occurrence of any of the following events by a defaulting Shareholder, the non-defaulting Shareholder shall give notice in writing ("Notice of Default") to the defaulting Shareholder specifying the default or breach and requiring the defaulting Shareholder to remedy the said default or breach within fourteen (14) days of the receipt of the Notice of Default or such other period as may be specified in the Notice of Default ("Remedy Period").

The events ("Events of Default") are:

i) the defaulting Shareholder or the Directors nominated by the defaulting Shareholder breaches any of the terms, conditions, undertakings, representations or warranties in the Agreement which are incapable of being remedied or where it is capable of being remedied, the defaulting Shareholder fails or refuses to remedy the breach within the Remedy Period;

ii) a receiver, receiver and manager, special administrator, trustee or similar official is appointed over any of the assets or undertaking of the defaulting Shareholder;

iii) the defaulting Shareholder is or becomes unable to pay its debts when they are due or becomes unable to pay its debts within the meaning of the Companies Act 2016 or any other legislation regarding and insolvency of the jurisdiction in which it carried on business;

iv) the defaulting Shareholder enters into or resolve to enter into any arrangement, composition or compromise with, or assignment for the benefit of its creditors or any class of them;

v) an application or order is made for the winding up or dissolution of the defaulting Shareholder or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the defaulting Shareholder otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the non-defaulting Shareholder;

vi) the defaulting Shareholder ceases or threatens to cease carrying on a substantial portion of its business; or

vii) there are material changes in the business or conditions of the defaulting Shareholder (including but not limited to financial condition) which, in the opinion of the non-defaulting Shareholder, would adversely affect the JV Co.'s performance to meet with the JV Co.'s obligations.

2.3 Source of funding

SASB shall fully subscribe for such shares in the JV Co. based on the Shareholding Proportions in cash, through internally generated funds.

3. RATIONALE

The Joint Venture is part of Sunsuria Group's pursuit to enhance the value and vibrancy of its Sunsuria City project, enabling it to create synergy by providing a complete education eco-system in Sunsuria City township as an "Edu-City".

The first collaboration at Sunsuria City is also a stepping stone for possible expansion in preschool business by the Group in other parts of Malaysia.

4. RISK FACTORS

Pursuant to the Joint Venture, Sunsuria Group's performance will be exposed to certain risks inherent to the pre-school education which include, amongst others, economic downturn globally and regionally, occurrence of force majeure events including but not limited to decrees or restraints by governmental authorities, acts of God, strikes, war, riot, civil unrest and any other causes of such nature. Nevertheless, Sunsuria Group sought to mitigate these risks through, amongst others, by venturing onto the pre-school education business via a joint venture with partners who are recognised for its established management track records to diligently monitoring the trends, issues, problems and industry practices that arises as well as careful planning and proactively and closely overseeing the business.

5. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

The Joint Venture will not have any effect on the share capital and substantial shareholders' shareholding of the Company.

The Joint Venture is not expected to have any material effect on the earnings, earnings per share, net assets and gearing of Sunsuria for the financial year ending 30 September 2021.

6. APPROVALS REQUIRED

The Joint Venture is not subject to the approval of the shareholders of Sunsuria or any relevant authorities.

7. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the proposed joint venture is expected to be completed by second quarter of year 2021.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Joint Venture pursuant to Paragraph 10.02(g) of the Listing Requirements is negligible.

9. DIRECTORS' STATEMENT

Having considered all aspects of the Joint Venture, the Board is of the opinion that the Joint Venture is in the best interest of the Company.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of Sunsuria Group and/or persons connected with them have any interests, direct or indirect, in the Joint Venture.

11. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection at the registered office of Sunsuria at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU5, 47810 Petaling Jaya, Selangor Darul Ehsan from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 11 March 2021.