

SUNSURIA BERHAD (FORMERLY KNOWN AS MALAYSIA AICA BERHAD) ("SUNSURIA" OR THE "COMPANY")

- PROPOSED SUBSCRIPTION FOR SECURITIES IN SUNSURIA GATEWAY SDN BHD ("SGSB") BY WAY OF:-

(A) PROPOSED SUBSCRIPTION FOR 1,000,000 NEW ORDINARY SHARES OF RM1.00 EACH IN SGSB ("SGSB SHARES"), REPRESENTING 99.99% EQUITY INTEREST IN SGSB AT A CASH SUBSCRIPTION PRICE OF RM1,000,000 AND PROPOSED SUBSCRIPTION FOR 237,000,000 NEW REDEEMABLE PREFERENCE SHARES-CLASS B OF RM0.01 EACH IN SGSB ("SGSB RPS-B") AT A SUBSCRIPTION PRICE OF RM237,000,000 (COLLECTIVELY, THE "PROPOSED SGSB SUBSCRIPTION")

(B) PROPOSED SUBSCRIPTION FOR 102,040,816 NEW ORDINARY SHARES OF RM0.50 EACH IN SUNSURIA ("SUNSURIA SHARE(S)") AT AN ISSUE PRICE OF RM0.98 PER SUNSURIA SHARE BY DATUK TER LEONG YAP ("PROPOSED REINVESTMENT")

(THE PROPOSED SGSB SUBSCRIPTION AND THE PROPOSED REINVESTMENT ARE COLLECTIVELY REFERRED TO AS THE "PROPOSED SGSB TRANSACTIONS")

- PROPOSED ACQUISITION OF A 21% EFFECTIVE EQUITY INTEREST IN SUNSURIA MEDINI SDN BHD ("SMSB") BY WAY OF:-

(A) PROPOSED ACQUISITION OF TWO (2) ORDINARY SHARES OF RM1.00 EACH IN CONCORD PROPERTY MANAGEMENT SDN BHD ("CONCORD") ("CONCORD SALE SHARES") REPRESENTING THE ENTIRE EQUITY INTEREST IN CONCORD (WHICH CURRENTLY HOLDS 250,000 ORDINARY SHARES OF RM1.00 EACH IN SMSB, REPRESENTING 20% EQUITY INTEREST IN SMSB) FOR A CASH CONSIDERATION OF RM53,121,296.30 ("PROPOSED SMSB ACQUISITION 1");

(B) PROPOSED ACQUISITION OF 12,500 ORDINARY SHARES OF RM1.00 EACH IN SMSB ("SMSB SALE SHARES") REPRESENTING 1% EQUITY INTEREST IN SMSB FOR A CASH CONSIDERATION OF RM1,848,399.97 ("PROPOSED SMSB ACQUISITION 2")

(THE PROPOSED SMSB ACQUISITION 1 AND THE PROPOSED SMSB ACQUISITION 2 ARE COLLECTIVELY REFERRED TO AS THE "PROPOSED ACQUISITIONS")

- PROPOSED SUBSCRIPTION FOR 25,000,000 NEW ORDINARY SHARES OF RM1.00 EACH, REPRESENTING 99.01% EQUITY INTEREST IN RENTAK NUSANTARA SDN BHD ("RNSB") ("RNSB SHARES") AT A CASH SUBSCRIPTION PRICE OF RM25,000,000 AND PROPOSED SUBSCRIPTION FOR 32,000,000 NEW REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH IN RNSB ("RNSB RPS") AT A CASH SUBSCRIPTION PRICE OF RM32,000,000 (COLLECTIVELY, THE "PROPOSED RNSB SUBSCRIPTION")

(THE PROPOSED SGSB TRANSACTIONS, THE PROPOSED ACQUISITIONS AND THE PROPOSED RNSB SUBSCRIPTION ARE COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of Sunsuria ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**"), AmlInvestment Bank Berhad ("**AmlInvestment Bank**") and Astramina Advisory Sdn Bhd ("**Astramina**") (collectively, the "**Joint Advisers**") wish to announce that the Company had, on 9 March 2015 entered into:-

- (i) a conditional subscription agreement with SGSB and Datuk Ter Leong Yap ("**Datuk Ter**") and Datin Kwan May Yuen ("**Datin Kwan**") (being the existing shareholders of SGSB) for the Proposed SGSB Subscription ("**SGSB Subscription Agreement**");
- (ii) a conditional share purchase agreement ("**SPA**") with Datuk Ter and Ter Hong Khim @ Tai Foong Chin ("**THK**") for the Proposed SMSB Acquisition 1 ("**SMSB SPA 1**");
- (iii) a conditional SPA with THK Capital Sdn Bhd ("**TCSB**") for the Proposed SMSB Acquisition 2 ("**SMSB SPA 2**"); and

(the SMSB SPA 1 and the SMSB SPA 2 are collectively referred to as the "**SMSB SPAs**")

- (iv) a conditional subscription agreement with RNSB and Sunsuria Development Sdn Bhd ("**SDSB**") (being the existing shareholder of RNSB) for the Proposed RNSB Subscription ("**RNSB Subscription Agreement**").

(the SGSB Subscription Agreement and the RNSB Subscription Agreement are collectively referred to as the "**Subscription Agreements**". The Subscription Agreements and the SMSB SPAs are collectively referred to as the "**Proposal Agreements**")

(SGSB, Concord, SMSB and RNSB are collectively referred to as the "**Identified Companies**").

Further to the above, reference is also made to the circular to shareholders of Sunsuria dated 18 April 2014 in relation to, *inter alia*, the renounceable rights issue of up to 475,084,416 Sunsuria Shares ("**Rights Share**") on the basis of three (3) Rights Shares for every one (1) existing Sunsuria Share held on an entitlement date to be determined and announced later, together with up to 158,361,472 free detachable warrants ("**Warrants**") on the basis of one (1) free Warrant for every three (3) Rights Shares subscribed ("**Rights Issue With Warrants**"). On behalf of the Board, the Joint Advisers, wish to announce that the issue price for the Rights Shares will be fixed at a discount of at least 25% to the theoretical ex-rights price ("**TERP**") of Sunsuria Shares, computed based on the five (5)-day volume weighted average market price ("**VWAP**") of Sunsuria Shares up to and including the day immediately prior to the price fixing date (but in any event the issue price shall not be lower than RM0.50 per Rights Share, being the par value of Sunsuria Shares) ("**Price Range**"). The Board has decided to determine the Price Range to provide better clarity to the shareholders of Sunsuria with respect to the potential outlay in subscribing for the Rights Shares and that proceeds from the Rights Issue With Warrants will be channelled towards funding the Proposals. For illustrative purposes only, the illustrative issue price of RM0.65 per Rights Share would represent a discount of approximately 25% to the TERP of RM0.86, calculated based on the five (5)-day VWAP of Sunsuria Shares up to and including 5 March 2015, being the last practicable date prior to this Announcement ("**LPD**") of RM1.49. Based on such assumptions, the Rights Issue With Warrants will raise between RM154.8 million and up to RM308.8 million.

Following the completion of the SMSB SPA 2 for the Proposed SMSB Acquisition 2, Sunsuria will also be entering into a deed of accession with Sunsuria South Sdn Bhd ("**SSSB**"), SMSB, Datuk Ter, Concord, TCSB and Creed Investments Pte Ltd ("**Creed**"), wherein it will observe, perform and be bound by terms of the existing shareholders' agreement entered into between Concord, TCSB, SSSB, SMSB, Datuk Ter and Creed on 21 November 2014 (as amended via a supplemental letter dated 15 January 2015) ("**Existing Shareholders' Agreement**") and assume all the obligations of TCSB, as if it is a party to the Existing Shareholders' Agreement.

Following the completion of the Proposed Acquisitions, Sunsuria (via its direct holding of equity interest in SMSB and its indirect holding of equity interest in SMSB via Concord) will be bound by the terms of the Existing Shareholders' Agreement, which include, *inter-alia* the following:-

- (a) Each Sunsuria and Concord shall have an option commencing from 1 April 2016 until 31 October 2016 ("**Put Option Period**") to require Creed to purchase all of the ordinary shares of RM1.00 each in SMSB ("**SMSB Shares**") held by Sunsuria and Concord at a purchase price of RM147.94 per SMSB Share ("**Put Option**"); and
- (b) Creed shall have an option to require Sunsuria and Concord to sell all of their respective SMSB Shares held by Sunsuria and Concord to Creed at (i) RM170.13 per SMSB Share exercisable during the period commencing from 1 April 2016 until 30 September 2016 and (ii) RM177.52 per SMSB Share exercisable during the period commencing from 1 October 2016 until 31 October 2016 respectively ("**Call Option**").

The Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") in view of the interests of certain directors and major shareholders of the Company and persons connected to them in the Proposals as set out in Section 9 of this Announcement.

Details of the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed SGSB Transactions

The Proposed SGSB Transactions comprise of the Proposed SGSB Subscription and the Proposed Reinvestment. The Proposed SGSB Subscription involves the subscription by Sunsuria of the following:-

- (i) 1.0 million new SGSB Shares, representing 99.99% of the enlarged issued and paid-up share capital of SGSB at the cash subscription price of RM1.0 million; and
- (ii) 237.0 million new SGSB RPS-B at the subscription price of RM237.0 million,

(collectively, the "**SGSB Subscription Shares**") for an aggregate subscription consideration of RM238.0 million ("**SGSB Subscription Consideration**").

In addition to the Proposed SGSB Subscription, Datuk Ter has also committed to subscribe for RM100.0 million in value ("**Reinvestment Amount**") of Sunsuria Shares at an issue price of RM0.98 per Sunsuria Share ("**Reinvestment Shares Issue Price**"), amounting to 102,040,816 Sunsuria Shares ("**Reinvestment Shares**").

An amount of approximately RM100.0 million will be used to redeem 10.0 million existing redeemable preference shares-class A of RM0.01 par value each in SGSB ("**SGSB RPS-A**") currently held by Datuk Ter ("**RPS-A Redemption**"), which represents part of the existing SGSB RPS-A outstanding. Datuk Ter and Sunsuria have agreed to set-off the redemption sum payable under the RPS-A Redemption against the subscription price payable under the Proposed Reinvestment.

For avoidance of doubt, the Reinvestment Shares shall not be entitled to the Rights Issue With Warrants as the Reinvestment Shares will only be issued after the entitlement date for the Rights Issue With Warrants.

Further details on SGSB and the principal terms of the SGSB RPS-B are set out in Appendices I and IV of this Announcement respectively.

2.1.1 Basis and justification of arriving at the SGSB Subscription Consideration

The SGSB Subscription Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others:-

- (i) the valuation of SGSB undertaken by Ernst & Young (“**EY**”), being an independent firm of valuers, appointed by the Company for the purpose of the valuation of SGSB vide its indicative valuation letter dated 6 March 2015 (“**EY Valuation Letter**”);
- (ii) the market value of the Suria Serenia Land (as defined herein) as at 10 February 2015 as appraised by CH Williams, Talhar & Wong Sdn Bhd (“**WTW**”), being an independent firm of valuers, appointed by the Company for the purpose of appraising the market value of the Suria Serenia Land (as defined herein) vide its valuation certificate dated 12 February 2015 (“**WTW Valuation Certificate**”); and
- (iii) the unaudited financial statements of SGSB for the financial year ended 31 December 2014.

The indicative fair market value of SGSB based on its 50% share of the indicative enterprise value of Sime Darby Sunsuria Development Sdn Bhd (“**SDSDSB**”) as appraised by EY, ranges from RM230 million to RM250 million, and was derived using the discounted cash flow method. This method entails discounting to present value the expected future free cash flows to SGSB (which has deducted the remaining unpaid land purchase consideration by SDSDSB) derived from its jointly-controlled entity, namely SDSDSB, which in turn is a 50:50 joint venture between SGSB and Sime Darby Property (Sungai Kapar) Sdn Bhd (“**Sime Darby Property**”). SDSDSB was incorporated to undertake a proposed property development project on 346.58 acres of freehold land known as Suria Serenia which is located adjacent to Salak Tinggi express link station (“**Suria Serenia Land**”), and surrounds the upcoming Xiamen University Malaysia Campus. The Suria Serenia project is a transit-oriented and integrated development expected to consist of landed and stratified residential units, retail and commercial buildings and an internationally-rated hotel.

The Board had obtained the WTW Valuation Certificate on the appraisal of the market value of the Suria Serenia Land at RM528.0 million, under *inter-alia*, the following assumptions:-

- (i) a marketable and registrable individual title with building category of land use with freehold interest will be issued; and
- (ii) Sime Darby Serenia Development Sdn Bhd (formerly known as Sime Darby Ampar Tenang Development Sdn Bhd) (“**SDAT**”) (the initial landowner prior to SDSDSB) shall complete the major infrastructure works which include major roads, main drains, main water pipelines, main sewerage pipelines and main communications infrastructure as in accordance to the specification and requirements of the relevant authorities at its own costs and expenses.

The market value of the Suria Serenia Land was arrived at based on the comparison method of valuation.

2.1.2 Ranking of Reinvestment Shares

The Reinvestment Shares shall, upon allotment and issue, rank equally in all respects with each other and with the then existing Sunsuria Shares and any other shares to be issued by Sunsuria, save and except that the holder of such Reinvestment Shares shall not be entitled to participate in the Rights Issue With Warrants and any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders of Sunsuria, the entitlement date of which is prior to or on the date of allotment of the Reinvestment Shares.

2.1.3 Mode of settlement of SGSB Subscription Consideration

(a) SGSB Subscription Consideration

SGSB shall, on the business day falling immediately after the SGSB Subscription Agreement becomes unconditional (i.e. all the conditions precedent as set out in Section 2.7.3.3 of this Announcement being obtained/fulfilled or waived), allot and issue the SGSB Subscription Shares to Sunsuria on the basis that the face value of the SGSB Subscription Shares is not fully paid up as at the date of allotment. Sunsuria shall pay the SGSB Subscription Consideration to SGSB within sixty (60) days after the completion date as contemplated under the SGSB Subscription Agreement (“**SGSB Payment Date**”).

(b) Reinvestment Shares

Datuk Ter will subscribe for and the Reinvestment Shares will be issued and allotted by Sunsuria on the SGSB Payment Date. Upon Datuk Ter subscribing for the Reinvestment Shares, the Reinvestment Amount shall be wholly set-off against the redemption sum payable under the RPS-A Redemption (amounting to RM100.0 million). The corresponding sum of RM100.0 million shall be deemed to have been paid-up towards the SGSB Subscription Consideration in respect of the SGSB RPS-B, referred to in Section 2.1.3(a) of this Announcement.

2.1.4 Basis and justification of arriving at the Reinvestment Shares Issue Price

The Board has determined 9 March 2015 to be the price determination date of the Reinvestment Shares (“**Price Determination Date**”). The Reinvestment Shares Issue Price was arrived at after taking into consideration a premium of RM0.12 or 14.0% to the illustrative TERP of RM0.86, calculated based on the five (5)-day VWAP of Sunsuria Shares up to and including 5 March 2015, being the date immediately preceding the Price Determination Date of RM1.49. The Reinvestment Shares would not be entitled to the Rights Issue With Warrants.

Nevertheless, in the event that the Rights Issue With Warrants is not implemented or cannot be completed, the parties will renegotiate and mutually agree on the adjustments to be made on the Reinvestment Shares Issue Price and to the number of Reinvestment Shares, in accordance with Section 2.7.3.9 of this Announcement.

2.2 Details of the Proposed Acquisitions

The Proposed Acquisitions entails:-

- (i) Datuk Ter and THK agreeing to sell and Sunsuria agreeing to purchase the Concord Sale Shares for a cash consideration of RM53,121,296.30 ("**SMSB Consideration 1**"); and
- (ii) TCSB agreeing to sell and Sunsuria agreeing to purchase the SMSB Sale Shares for a cash consideration of RM1,848,399.97 ("**SMSB Consideration 2**"),

(both the SMSB Consideration 1 and the SMSB Consideration 2 are collectively referred to as the "**SMSB Consideration**")

in accordance with the terms and conditions of the respective SMSB SPAs. The sale and purchase of the Concord Sale Shares and SMSB Sale Shares will be free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from 31 January 2015, being the cut off and apportionment date for the purpose of computing the purchase consideration (including verifying the market value of the properties) ("**Computation Date**").

For information purposes, Concord is an investment holding company with its sole activity being holding of the SMSB Shares representing 20% equity interest in SMSB. Upon the completion of the Proposed Acquisitions, the effective shareholding of Sunsuria in SMSB (via its direct holding of equity interest in SMSB under the Proposed SMSB Acquisition 2 and its indirect holding of equity interest in SMSB via Concord under the Proposed SMSB Acquisition 1) will amount to 262,500 SMSB Shares or 21% effective equity interest in SMSB.

In addition, pursuant to the terms of the SMSB SPA 2, the Company will also be paying TCSB, in return for the novation by TCSB to Sunsuria of an amount owing by SMSB to TCSB, of RM730,303.73, together with interest accrued up to the completion date of the Proposed SMSB Acquisition 2.

Further to the above, under the Share Purchase and Subscription Agreement dated 21 November 2014 entered into between Creed, SDSB, SSSB, SMSB, Concord and Datuk Ter ("**Existing SPSA**"), Concord is required to subscribe for additional 7,500 SMSB Shares at RM1.00 per SMSB Share on 30 September 2015. For information purposes, under the Existing SPSA, Creed is also required to subscribe for a further 92,500 SMSB Shares at RM1.00 per SMSB Share on 30 September 2015.

Arising from the intended future shares subscription by Creed and Sunsuria (via Concord) in SMSB, the effective shareholding of Sunsuria in SMSB post-Proposed Acquisitions will amount to 270,000 SMSB Shares or 20% of the enlarged share capital of SMSB upon the completion of the Existing SPSA.

Further details on Concord and SMSB are set out in Appendix I of this Announcement.

Pursuant to the Proposed Acquisitions and the Existing Shareholder's Agreement, Sunsuria will be granted the Put Option to require Creed to purchase all of the SMSB Shares held by Sunsuria and Concord and in return Creed is granted the Call Option to require both Sunsuria and Concord to sell all of their respective SMSB Shares held to Creed. Further details of the Put Option and Call Option are set out in Section 2.7.1.7 of this Announcement.

2.2.1 Basis and justification of arriving at the SMSB Consideration

The SMSB Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:-

- (a) the market value of the landbanks owned by SMSB ("**SMSB Landbanks**") and on-going developments of SMSB (collectively referred to as the "**SMSB Properties**") as at 31 January 2015 as appraised by WTW vide its valuation certificate dated 12 February 2015 of RM600 million ("**Market Value of SMSB Landbanks**").

The valuation of the SMSB Properties were appraised by WTW using the residual and comparison methods of valuation; and

- (b) the net liability of SMSB based on the latest audited financial statements of SMSB for the financial year ended ("**FYE**") 31 December 2014 amounting to RM6.48 million and after taking into consideration the revaluation surplus of the SMSB Landbanks as well as the market value of the on-going developments of SMSB.

2.2.2 Mode of settlement of SMSB Consideration

The SMSB Consideration will be satisfied in the following manner:-

- (a) Proposed SMSB Acquisition 1
 - (i) RM10,624,259.26 in cash, representing 20% of the SMSB Consideration 1, has been paid by Sunsuria to Datuk Ter and THK or their nominees upon the execution of the SMSB SPA 1 as deposit and part payment of the SMSB Consideration 1; and
 - (ii) RM42,497,037.04 in cash, representing the remainder 80% of the SMSB Consideration 1, which shall constitute a debt due and owing by Sunsuria to Datuk Ter and THK or their nominees respectively, shall be paid by Sunsuria to Datuk Ter and THK or their nominees within sixty (60) days after the completion date as contemplated under the SMSB SPA 1 ("**SMSB Payment Date**").
- (b) Proposed SMSB Acquisition 2
 - (i) RM369,679.99 in cash, representing 20% of the SMSB Consideration 2 has been paid by Sunsuria to TCSB or its nominees upon the execution of the SMSB SPA 2 as deposit and part payment of the SMSB Consideration 2; and
 - (ii) RM1,478,719.98 in cash, representing the remainder 80% of the SMSB Consideration 2, which shall constitute a debt due and owing by Sunsuria to TCSB or its nominees, shall be paid by Sunsuria to TCSB on or before the SMSB Payment Date.

2.3 Proposed RNSB Subscription

2.3.1 Details of the Proposed RNSB Subscription

The Proposed RNSB Subscription entails the subscription by Sunsuria for:-

- (i) 25.0 million new RNSB Shares ("**RNSB Subscription OS**"), representing 99.01% of the enlarged issued and paid-up share capital of RNSB at the cash subscription price of RM25.0 million; and
- (ii) 32.0 million new RNSB RPS ("**RNSB Subscription RPS**") at the cash subscription price of RM32.0 million.

(The aggregate subscription price of RM57.0 million is referred to as the "**RNSB Subscription Consideration**". Collectively, the RNSB Subscription OS and the RNSB Subscription RPS are referred to as the "**RNSB Subscription Shares**".)

RNSB is presently undertaking an on-going bungalow land development in Setia Alam, Selangor which comprises sixty eight (68) parcels of bungalow plot known as Suria Hills 2A and 2B ("**Suria Hills 2A and 2B**"). The Proposed RNSB Subscription would result in Sunsuria holding 99.01% equity interest in RNSB.

Further details on RNSB and the principal terms of the RNSB RPS are set out in Appendix I and Appendix V of this Announcement respectively.

2.3.2 Basis and justification of arriving at the RNSB Subscription Consideration

The RNSB Subscription Consideration of RM57.0 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of Suria Hills 2A and 2B as at 31 January 2015 as appraised by WTW using the residual method of valuation, vide its valuation certificate dated 12 February 2015, of RM57.0 million.

Further details on Suria Hills 2A and 2B are set out in Appendix II of this Announcement.

2.3.3 Mode of settlement of RNSB Subscription Consideration

RNSB shall, on the business day falling immediately after the RNSB Subscription Agreement becomes unconditional (i.e. all the conditions precedent set out in Section 2.7.2.3 of this Announcement being obtained/fulfilled or waived), allot and issue the RNSB Subscription Shares to Sunsuria on the basis that the face value of the RNSB Subscription Shares is not fully paid up as at the date of allotment. Sunsuria shall pay the RNSB Subscription Consideration to RNSB in cash within sixty (60) days after the completion date as contemplated under the RNSB Subscription Agreement ("**RNSB Payment Date**").

2.4 Liabilities to be assumed by Sunsuria

Save for the repayment of advances on behalf of SMSB to TCSB of RM0.73 million pursuant to the terms of the SMSB SPA 2, there are no other liabilities, contingent liabilities or guarantees to be assumed by Sunsuria pursuant to the Proposals.

2.5 Source of funding

The total cash funding required (net of Reinvestment Amount) for the Proposals amounts to approximately RM250.0 million, wherein the deposits for the Proposed Acquisitions amounting to approximately RM11.0 million, which were funded via internally generated funds, have been paid to the respective vendors. The balance of approximately RM239.0 million ("**Balance Cash Purchase Consideration**") for the Proposals are expected to be funded via a combination of internally-generated funds, funds from the Fund Raising Exercise (as defined below) as well as bank borrowings, the quantum of which has not been determined as at the date of this Announcement.

For information purposes, the Company is in the midst of completing the following fund raising exercise:-

- (i) renounceable rights issue of up to 475,084,416 Rights Shares on the basis of three (3) Rights Shares for every one (1) existing Sunsuria Share held on an entitlement date to be determined and announced later, together with up to 158,361,472 Warrants on the basis of one (1) free Warrant for every three (3) Rights Shares subscribed; and
- (ii) private placement of up to 63,344,588 Sunsuria Shares representing approximately 10% of the enlarged issued and paid up share capital of Sunsuria after the Rights Issue With Warrants at an issue price to be determined later ("**Private Placement**").

The Rights Issue With Warrants and the Private Placement (collectively, the "**Fund Raising Exercise**") was approved by the shareholders of the Company on 12 May 2014 and is now pending implementation. The Company had sought and obtained an extension of time from Bursa Securities for the implementation of the Fund Raising Exercise, up to 10 April 2015.

2.6 Estimated financial commitments

The Board does not foresee any other material financial commitments required to put the assets acquired on-stream, save for the remaining unpaid land purchase consideration by SDSDSB of which Sunsuria's portion based on a 50% effective equity interest in SDSDSB would amount to RM129.5 million, future advances to be extended by Concord and/or Sunsuria to SMSB for the settlement of the unpaid land purchase consideration of which Sunsuria's portion based on a 21% effective equity interest in SMSB would amount to RM49.9 million as at the LPD, which is expected to crystallise at a later date for the mixed-integrated development project on 82.77 acres of leasehold land located in Medini, Johor known as Sunsuria Medini ("**Sunsuria Medini**") and the development costs to be incurred for the development of the landbanks and properties acquired pursuant to the Proposals. The remaining land cost and cost to undertake the property development projects undertaken by the Identified Companies pursuant to the Proposals may be funded by Sunsuria and its group of subsidiary companies (collectively, the "**Group**" or "**Sunsuria Group**") via bank borrowings and/or internally generated funds after taking into consideration the Group's future gearing level and its working capital requirements.

The actual development costs to be incurred by the Group will depend on, amongst others, time span of the development projects, the type of development to be undertaken, financing cost as well as cost of raw materials, construction cost and other miscellaneous cost. The development plans and details have not been finalised as at the date of this Announcement.

2.7 Salient terms of the Proposal Agreements

The salient terms of the Proposal Agreements are as follows:-

2.7.1 Salient terms of the SMSB SPAs in relation to the Proposed Acquisitions

2.7.1.1 Due diligence exercise

Sunsuria shall within a period of sixty (60) business days following the execution of the respective SMSB SPAs, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of Concord and SMSB (collectively, the “**Target Companies**”) by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the respective SMSB SPAs (“**Target Companies Due Diligence**”), at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of the Target Companies, and Datuk Ter, THK and TCSB (collectively, the “**Vendors**”) shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the Target Companies Due Diligence.

2.7.1.2 Conditions precedent

The Proposed Acquisitions are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the respective SMSB SPAs, or such later date as the parties to the respective SMSB SPAs may mutually agree (“**SPA Cut-Off Date**”):-

- (a) the approval of the shareholders of Sunsuria at an EGM to be convened for the Proposed Acquisitions in accordance with the terms and conditions of the respective SMSB SPAs;
- (b) the approval or consent of the financiers/creditors of the Target Companies for, *inter alia*, the sale and transfer of the Concord Sale Shares and the SMSB Sale Shares in favour of Sunsuria, upon the terms and subject to the conditions of the respective SMSB SPAs, where required;
- (c) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving the Target Companies, where required, in each case to the extent that at the completion of the respective SMSB SPAs the same remain to be completed or performed or remain in force;
- (d) Sunsuria being satisfied with the results of the Target Companies Due Diligence;
- (e) in the case of the Proposed SMSB Acquisition 1, all conditions precedent in connection with the Proposed SMSB Acquisition 2 having been fulfilled or obtained in accordance with the terms and conditions of the SMSB SPA 2 (where applicable) other than the condition precedent set out in Section 2.7.1.2(f) herein;

- (f) in the case of the Proposed SMSB Acquisition 2, all conditions precedent in connection with the Proposed SMSB Acquisition 1 having been fulfilled or obtained in accordance with the terms and conditions of the SMSB SPA 1 (where applicable) other than the condition precedent set out in Section 2.7.1.2(e) herein; and
- (g) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties to the respective SMSB SPAs.

2.7.1.3 Termination in the event any conditions precedent is not fulfilled

If –

- (a) on the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (d) at any time prior to the expiry of the SPA Cut-Off Date, Sunsuria has notified the respective Vendors in writing that it is not satisfied in respect of any part of the results of the Target Companies Due Diligence;

then Sunsuria shall be entitled to terminate the respective SMSB SPAs by giving a notice of termination to that effect to the respective Vendors, whereupon the respective Vendors shall refund and repay to Sunsuria, or procure the refund and repayment to Sunsuria of all moneys paid by Sunsuria including the deposits referred to in Sections 2.2.2(a)(i) and 2.2.2(b)(i) of this Announcement, free of interest and thereafter, the parties shall not have any further rights under the respective SMSB SPAs except in respect of –

- (i) any obligation under the respective SMSB SPAs which is expressed to apply after the termination of the respective SMSB SPAs; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the respective SMSB SPAs to either party to the respective SMSB SPAs prior to such termination.

2.7.1.4 Valuation of the Target Companies

- (a) The respective Vendors acknowledge and agree that Sunsuria has prior to the date of the respective SMSB SPAs engaged WTW for the purposes of valuing *inter alia* the market value of the respective properties held by the Target Companies as at the Computation Date
- (b) In the event that the market value of the properties held by the Target Companies as at the Computation Date shall be varied/adjusted pursuant to any comments provided by the relevant authorities on valuation reports prepared by WTW, the respective sale and purchase consideration payable by Sunsuria to the respective Vendors for the purchase of the Concord Sale Shares and the SMSB Sale Shares pursuant to the respective SMSB SPAs and the post-completion sum referred to in Section 2.2.2(a)(ii) and 2.2.2(b)(ii) of this Announcement (“**Post-Completion Sum**”) shall be adjusted upwards or downwards accordingly (“**Purchase Consideration Adjustment**”), and the purchase consideration and such Post-Completion Sum shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (b).
- (c) Notwithstanding the foregoing provisions of this paragraph and any other provision of the SMSB SPAs, if the Purchase Consideration Adjustment pursuant to the provisions of this Section 2.7.1.4(b) shall amount to more than 5% of any of the SMSB Consideration 1 or the SMSB Consideration 2, the parties to the respective SMSB SPAs shall be entitled to give notice to the other party immediately terminating the respective SMSB SPAs.

2.7.1.5 TCSB’s advances

- (a) Sunsuria and TCSB acknowledge and covenant that SMSB is and shall as at the completion date as contemplated under the SMSB SPA 2 be free of any claims or debts relating to loans or advances extended to SMSB by TCSB, which amount to an aggregate sum of RM730,303.73 (“**TCSB’s Advances**”) as at the date of the SMSB SPA 2.
- (b) Accordingly, Sunsuria and TCSB agree and covenant that on completion of the SMSB SPA 2, Sunsuria shall repay the TCSB’s Advances together with interest accrued at the rate prescribed in a deed in respect of group contribution dated 21 November 2014 issued by SMSB to Sunsuria Holdings Sdn Bhd (“**SHSB**”), Concord and TCSB up to the date of completion of the SMSB SPA 2 to TCSB on behalf of SMSB and pursuant thereto, Sunsuria, TCSB and SMSB shall execute a deed of novation in respect of the novation and transfer to Sunsuria of all TCSB’s rights, title, interest and benefits whatsoever of, in and to the TCSB’s Advances.

- (c) In addition to the TCSB's Advances extended by TCSB to SMSB prior to the date of the SMSB SPA 2, Sunsuria acknowledges that TCSB and Concord (both being the shareholders of SMSB who jointly own 21% of the issued and paid-up share capital of SMSB) have agreed to collectively advance SMSB an unsecured shareholder's loan facility of up to the sum of RM2,500,000.00 pursuant to the terms of an existing loan agreement dated 21 November 2014 entered into with SMSB. Sunsuria agrees and undertakes that in the event TCSB grants and extends the shareholder's loan facility or any part thereof to SMSB after the date of the SMSB SPA 2 pursuant to the terms of such loan agreement, Sunsuria shall –
- (i) procure SMSB to fully repay such shareholder's loan facility granted and extended by TCSB to SMSB pursuant to such loan agreement on the completion date of the SMSB SPA 2; or
 - (ii) repay such shareholder's loan facility to TCSB on behalf of SMSB and pursuant thereto, the parties agree and they shall on the completion date of the SMSB SPA 2, execute a deed of novation in respect of the novation and transfer to Sunsuria of all TCSB's rights, title, interest and benefits whatsoever of, in and to such shareholder's loan facility granted pursuant to the existing loan agreement.

2.7.1.6 Tax

- (a) The respective Vendors will be responsible for paying and settling all Real Property Gains Tax ("RPGT") (if any) payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs as may be assessed by the Director-General of Inland Revenue under the provisions of the Real Property Gains Tax Act 1976 ("RPGT Act").
- (b) The respective Vendors shall keep Sunsuria indemnified against all claims, costs, damages, fines or penalties which may be brought, suffered or levied against Sunsuria as a result of the respective Vendors not complying with any of the provisions of the RPGT Act, including any claims by the Director-General of Inland Revenue arising from any default in payment of any RPGT payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs.
- (c) In respect of the SMSB SPA 1:-
 - (i) The respective vendors, namely Datuk Ter and THK, and Sunsuria warrant and confirm that Concord is deemed by the relevant tax authorities to be a 'real property company' under the RPGT Act.

- (ii) The respective vendors, namely Datuk Ter and THK warrant and confirm that there are no chargeable gains arising from the disposal of the Concord Sale Shares and accordingly such disposal of the Concord Sale Shares is deemed to be a “no gain no loss” transaction under the RPGT Act. Accordingly, the parties agree that there shall not be any amount of moneys retained from the SMSB Consideration 1 for the purposes of payment of RPGT.
- (d) In respect of the SMSB SPA 2:-
 - (i) TCSB and Sunsuria warrant and confirm that SMSB is deemed by the relevant tax authorities to be a ‘real property company’ under the RPGT Act.
 - (ii) In the event there shall be any RPGT payable on the disposal of the SMSB Sale Shares under law, Sunsuria is authorised to:-
 - (1) retain a sum equivalent to 3% of the SMSB Consideration 2 pursuant to Section 21B of the RPGT Act; and
 - (2) pay and/or deal with such retention sum or any portion thereof in any manner that may be directed by the Director-General of Inland Revenue or the RPGT Act or any amendments or statutory modification or any orders thereof by submitting the necessary forms to the Director General of Inland Revenue and comply with all necessary directives that may be issued by the Director General of Inland Revenue (if applicable).
 - (iii) If the retention sum is insufficient to pay for the RPGT payable on the disposal of the SMSB Sale Shares pursuant to the SMSB SPA 2, TCSB will upon being notified thereof, immediately pay the difference to the Director-General of Inland Revenue.

2.7.1.7 Deed of accession under the Existing Shareholders’ Agreement

- (a) TCSB and Sunsuria acknowledge that Sunsuria shall on completion of the SMSB SPA 2, execute a deed of accession to observe, perform and be bound by all terms of the Existing Shareholders’ Agreement and assume all the obligations of TCSB with respect to the SMSB Sale Shares in every respect, which are capable of applying to Sunsuria as a shareholder of SMSB, as if it is a party to the Existing Shareholders’ Agreement.

(b) Sunsuria acknowledges and confirms that following the execution of the deed of accession, pursuant to the terms of the Existing Shareholders' Agreement, during the period commencing from 1 April 2016 until 31 October 2016 (inclusive of both dates):-

(i) Sunsuria shall have an option to require Creed to purchase all (but not some only) of the SMSB Shares then held by Sunsuria at a purchase price per SMSB Share equal to the Creed's acquisition cost per SMSB Share, which is equal to RM147.94 per SMSB Share (if the number of SMSB Shares remain unaltered from 28 November 2014 ("**Effective Date**")).

(ii) Creed shall have an option to require Sunsuria to sell all (but not some only) of the SMSB Shares held by Sunsuria at the following price per SMSB Share in column 2 of the table below if the call option is exercised during the period as set forth in column 1 of the table below:-

Column 1	Column 2
Call Period	Price per Share
1 April 2016 to 30 September 2016 (inclusive of both dates)	115% of the Creed's acquisition cost per share which is equal to RM170.13 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).
1 October 2016 to 31 October 2016 (inclusive of both dates)	120% of the Creed's acquisition cost per share which is equal to RM177.52 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).

2.7.1.8 Termination of the SMSB SPAs

(a) Each party to the respective SMSB SPAs shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the respective SMSB SPAs, the other party commits any continuing or material breach of any of its obligations under the respective SMSB SPAs which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice to do so, or *inter alia*, a winding up or insolvency events occurs.

- (b) If the respective SMSB SPAs are terminated by the relevant Vendors and the relevant Vendors elect not to pursue the remedy of specific performance, the relevant Vendors shall, within fourteen (14) days after issuance of the notice of termination, return, refund and repay to Sunsuria any and all moneys in excess of a sum equivalent to 10% of the purchase consideration (which shall be forfeited as agreed liquidated damages) held by or on behalf of the relevant Vendors pursuant to the terms of the respective SMSB SPAs, free of interest (if any), and Sunsuria shall, in exchange with the performance by the respective Vendors of such obligations, within fourteen (14) days after Sunsuria's receipt of the notice of termination, return to the relevant Vendors all documents, if any, delivered to it by or on behalf of Concord, SMSB or the relevant Vendors. Thereafter, the relevant Vendors shall in exchange with the performance by Sunsuria of such obligations, return to Sunsuria all documents, if any, delivered to them by or on behalf of Sunsuria.
- (c) If the respective SMSB SPAs are terminated by Sunsuria and Sunsuria elects not to pursue the remedy of specific performance, the relevant Vendors shall, within fourteen (14) days after receipt of the notice of termination, return to Sunsuria all documents, if any, delivered to it by or on behalf of Sunsuria, procure that Concord and SMSB to return to Sunsuria all such documents (if any), return, refund and repay to Sunsuria any and all moneys (including the deposit) (if any) received by the relevant Vendors towards account of the purchase consideration held by or on behalf of the relevant Vendors pursuant to the terms of the respective SMSB SPAs, together with any interest accrued thereon (if any), and pay a sum equivalent to 10% of the purchase consideration as agreed liquidated damages to Sunsuria. Sunsuria shall, in exchange for the performance by the relevant Vendors of such obligations, within fourteen (14) days after the notice of termination, return to the relevant Vendors all documents, if any, delivered to it by or on behalf of Concord, SMSB or the relevant Vendors.

2.7.1.9 Vendors' rights upon non-payment of the Post-Completion Sum

- (a) The Vendors agree, confirm and acknowledge that in the event that Sunsuria breaches its obligation under the respective SMSB SPAs to pay and settle any part of the Post-Completion Sum on or before the SMSB Payment Date, the Vendors shall be entitled to initiate such action as may be available to the Vendors in law to recover or claim for the outstanding part of the Post-Completion Sum solely on the basis of the Post-Completion Sum being a debt due from Sunsuria to the Vendors.

- (b) The Vendors agree, confirm and acknowledge that notwithstanding any other provisions of the SMSB SPAs, the Vendors shall not be entitled to terminate the respective SMSB SPAs on account of any such non-payment of the Post-Completion Sum or to initiate any action which may require Sunsuria to re-transfer the Concord Sale Shares and the SMSB Sale Shares to the respective Vendors or to discharge any charge or other security entered over the Concord Sale Shares and the SMSB Sale Shares on behalf of Sunsuria or otherwise howsoever for beach on the part of Sunsuria arising from such non-payment.

2.7.1.10 Vendors entitled to appoint a nominee

The parties agree that, at any time prior to the completion of the respective SMSB SPAs, the Vendors will be entitled to appoint a nominee to receive and accept the purchase consideration in place of the respective Vendors by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, Sunsuria undertakes to pay the purchase consideration to the said nominee at the sole and absolute costs and expenses of the respective Vendors or their nominee(s) and provided always that the respective Vendors shall fully indemnify Sunsuria for all and any costs and expenses thereby incurred in respect thereof.

2.7.2 Salient terms of the RNSB Subscription Agreement

2.7.2.1 RNSB Subscription Consideration

- (a) Sunsuria, RNSB and SDSB (being the existing shareholder of RNSB) have agreed that notwithstanding that the RNSB Subscription Consideration shall not have been paid as at the completion of the RNSB Subscription Agreement, RNSB shall on the completion of the RNSB Subscription Agreement, proceed with the allotment and issuance of the relevant RNSB Subscription Shares to Sunsuria. Upon completion of such obligations, the RNSB Subscription Agreement shall be deemed to have been completed and the RNSB Subscription Consideration shall thereupon constitute a debt due and owing from Sunsuria to RNSB, which shall be payable by Sunsuria to RNSB in accordance with the provisions of Section 2.3.3 of this Announcement.
- (b) The RNSB Subscription Shares shall be issued –
 - (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title;
 - (ii) with all rights attaching thereto (including, in the case of the RNSB Shares (as defined herein), all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of their allotment; and
 - (iii) in the case of the RNSB RPS, with such rights, privileges and restrictions as set out in Appendix V of this Announcement.

2.7.2.2 RNSB Due Diligence

Sunsuria shall within a period of sixty (60) business days following the execution of the RNSB Subscription Agreement, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of RNSB by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the RNSB Subscription Agreement (“**RNSB Due Diligence**”) at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of RNSB and SDSB shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the RNSB Due Diligence.

2.7.2.3 Conditions Precedent

The Proposed RNSB Subscription is conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the RNSB Subscription Agreement, or such later date as the parties to the RNSB Subscription Agreement may mutually agree (“**RNSB SA Cut-Off Date**”):-

- (a) RNSB having obtained the approval of SDSB (whether in a general meeting or by way of a circular resolution) to the amendments of RNSB’s memorandum and articles and association and the issuance of the RNSB Subscription Shares upon the terms and conditions of the RNSB Subscription Agreement, if required;
- (b) the amendment of the articles and association of RNSB to incorporate the terms of the RNSB Subscription Agreement and the rights, privileges and restrictions of the RNSB RPS as set out under Appendix V of this Announcement to the satisfaction of the parties to the RNSB Subscription Agreement;
- (c) the lodgement of relevant forms with the Registrar of Companies in relation to the increase of the authorised share capital and amendment of the memorandum and articles of association of RNSB, where required;
- (d) the approval of Sunsuria at an EGM to be convened for the Proposed RNSB Subscription in accordance with the terms and conditions of the RNSB Subscription Agreement;
- (e) the approval or consent of the financiers/creditors of RNSB for, *inter alia*, the issuance and allotment of the RNSB Subscription Shares in favour of Sunsuria, upon the terms and subject to the conditions of the RNSB Subscription Agreement, where required;
- (f) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving RNSB, where required, in each case to the extent that at the completion of the RNSB Subscription Agreement the same remain to be completed or performed or remain in force;

- (g) Sunsuria being satisfied with the results of the RNSB Due Diligence; and
- (h) all other approvals, waivers or consents of any authorities or parties as may be necessary or required by law or regulation or deemed necessary by the parties to the RNSB Subscription Agreement.

2.7.2.4 Termination in the event any conditions precedent is not fulfilled

If –

- (a) on the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (d) at any time prior to the expiry of the RNSB SA Cut-Off Date, Sunsuria has notified RNSB and SDSB in writing that it is not satisfied in respect of any part of the results of the RNSB Due Diligence,

then Sunsuria shall be entitled to terminate the RNSB Subscription Agreement by giving a notice of termination to that effect to RNSB and SDSB, whereupon the parties shall not have any further rights under the RNSB Subscription Agreement except in respect of –

- (1) any obligation under the RNSB Subscription Agreement which is expressed to apply after the termination of the RNSB Subscription Agreement; and
- (2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the RNSB Subscription Agreement to either party of the RNSB Subscription Agreement prior to such termination.

2.7.2.5 Valuation of RNSB

- (a) RNSB and SDSB acknowledge and agree that Sunsuria has prior to the date of the RNSB Subscription Agreement engaged WTW for the purposes of valuing *inter alia* the market value of Suria Hills 2A and 2B as at the Computation Date.

- (b) In the event that the market value of Suria Hills 2A and 2B as at the Computation Date shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation report prepared by WTW, the RNSB Subscription Consideration and the number of the RNSB Subscription RPS shall be adjusted upwards or downwards accordingly.
- (c) Notwithstanding the foregoing provisions of this paragraph and any other provision of the RNSB Subscription Agreement, if the adjustment pursuant to Section 2.7.2.5(b) of this Announcement shall amount to more than 5% of the aggregate RNSB Subscription Consideration, either party shall be entitled to give notice to the other party immediately terminating the RNSB Subscription Agreement.

2.7.2.6 Stamp duty and/or registration charges

RNSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the RNSB Subscription Agreement and the subscription for and issuance of the RNSB Subscription Shares, if applicable.

2.7.2.7 Termination of the RNSB Subscription Agreement

- (a) Each party to the RNSB Subscription Agreement shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the RNSB Subscription Agreement, the other party commits any continuing or material breach of any of its obligations under the RNSB Subscription Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or *inter alia*, a winding up or insolvency events occurs.
- (b) If a notice terminating the RNSB Subscription Agreement is duly given by either of the parties to the RNSB Subscription Agreement, and such parties elect not to pursue the remedy of specific performance, then within fourteen (14) business days of the giving of the notice –
 - (1) all documents, records and other information delivered by a party to any other party or the other parties collectively pursuant to or connected with the RNSB Subscription Agreement shall be returned to the relevant party or parties;
 - (2) any and all moneys (if any) received by RNSB forming the whole or any part of the RNSB Subscription Consideration pursuant to the terms of the RNSB Subscription Agreement, free from any interest accrued thereon (if any), shall be returned, refunded and repaid to Sunsuria;

- (3) neither party to the RNSB Subscription Agreement shall have any further rights or obligations under the RNSB Subscription Agreement to the other party except in respect of –
 - (i) any rights or obligations under the RNSB Subscription Agreement which are expressed to apply after the termination of the RNSB Subscription Agreement; and
 - (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the RNSB Subscription Agreement to either party prior to such termination.

2.7.3 Salient terms of the SGSB Subscription Agreement

2.7.3.1 SGSB Subscription Consideration

- (a) Sunsuria, SGSB, Datuk Ter and Datin Kwan (being the existing shareholders of SGSB) have agreed that notwithstanding that the SGSB Subscription Consideration shall not have been paid (via cash and the Reinvestment Shares) as at the completion of the SGSB Subscription Agreement, SGSB shall on the completion of the SGSB Subscription Agreement, proceed with the allotment and issuance of the relevant SGSB Subscription Shares to Sunsuria and the completion of its obligations set out in the SGSB Subscription Agreement. Upon completion of such obligations, the SGSB Subscription Agreement shall be deemed to have been completed and the SGSB Subscription Consideration (net of Reinvestment Amount) shall thereupon constitute a debt due and owing from Sunsuria to SGSB, which shall be payable by Sunsuria to SGSB in accordance with the provisions of Section 2.1.3(a) of this Announcement.
- (b) The SGSB Subscription Shares shall be issued –
 - (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title;
 - (ii) with all rights attaching thereto (including, in the case of the SGSB Shares, all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of their allotment; and
 - (iii) in the case of the SGSB RPS-B, with such rights, privileges and restrictions as set out in Appendix IV of this Announcement.

2.7.3.2 SGSB Due Diligence

Sunsuria shall within a period of sixty (60) business days following the execution of the SGSB Subscription Agreement, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of SGSB and its jointly controlled entity i.e. SDSDSB (collectively, the “**SGSB Group**”) by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the SGSB Subscription Agreement (“**SGSB Due Diligence**”) at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of the SGSB Group and SGSB and Datuk Ter and Datin Kwan shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the SGSB Due Diligence.

2.7.3.3 Conditions Precedent

The Proposed SGSB Transactions are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the SGSB Subscription Agreement, or such later date as the parties to the SGSB Subscription Agreement may mutually agree (“**SGSB SA Cut-Off Date**”):-

- (a) SGSB having obtained the approval of Datuk Ter and Datin Kwan (whether in a general meeting or by way of a circular resolution) to the amendments of SGSB’s memorandum and articles and association and the issuance of the SGSB Subscription Shares upon the terms and conditions of the SGSB Subscription Agreement, if required;
- (b) the amendment of the articles and association of SGSB to incorporate the terms of the SGSB Subscription Agreement and the rights, privileges and restrictions of the SGSB RPS-B as set out under Appendix V of this Announcement to the satisfaction of the parties to the SGSB Subscription Agreement;
- (c) the lodgement of relevant forms with the Registrar of Companies in relation to the increase of the authorised share capital and amendment of the memorandum and articles of association of SGSB, where required;
- (d) the approval of Sunsuria at an EGM to be convened for the Proposed SGSB Transactions in accordance with the terms and conditions of the SGSB Subscription Agreement;
- (e) the approval or consent of the financiers/creditors of the SGSB Group for, *inter alia*, the issuance and allotment of the SGSB Subscription Shares in favour of Sunsuria, upon the terms and subject to the conditions of the SGSB Subscription Agreement, where required;

- (f) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving the SGSB Group, where required, in each case to the extent that at the completion of the SGSB Subscription Agreement the same remain to be completed or performed or remain in force;
- (g) the approval or consent of Bursa Securities for the listing of and quotation for the Reinvestment Shares, where required;
- (h) Sunsuria being satisfied with the results of the SGSB Due Diligence; and
- (i) all other approvals, waivers or consents of any authorities or parties as may be necessary or required by law or regulation or deemed necessary by the parties to the SGSB Subscription Agreement.

2.7.3.4 Termination in the event any conditions precedent is not fulfilled

If-

- (a) on the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (d) at any time prior to the expiry of the SGSB SA Cut-Off Date, Sunsuria has notified SGSB, Datuk Ter and Datin Kwan in writing that it is not satisfied in respect of any part of the results of the SGSB Due Diligence,

then Sunsuria shall be entitled to terminate the SGSB Subscription Agreement by giving a notice of termination to that effect to SGSB, Datuk Ter and Datin Kwan, whereupon the parties shall not have any further rights under the SGSB Subscription Agreement except in respect of –

- (1) any obligation under the SGSB Subscription Agreement which is expressed to apply after the termination of the SGSB Subscription Agreement; and

- (2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SGSB Subscription Agreement to either party of the SGSB Subscription Agreement prior to such termination.

2.7.3.5 Valuation of SGSB

- (a) SGSB, Datuk Ter and Datin Kwan acknowledge and agree that Sunsuria has prior to the date of the SGSB Subscription Agreement engaged (1) WTW for the purposes of valuing *inter alia* the market value of Suria Serenia Land as at 10 February 2015 and (2) EY for the purposes of the valuation of SGSB as at 31 December 2014.
- (b) In the event that the market value of Suria Serenia Land as at 10 February 2015 shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation report prepared by WTW by an amount of more than 5% of the aggregate SGSB Subscription Consideration, either party shall be entitled to give notice to the other party immediately terminating the SGSB Subscription Agreement.

2.7.3.6 Stamp duty and/or registration charges

SGSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the SGSB Subscription Agreement and the subscription for and issuance of the SGSB Subscription Shares, if applicable.

2.7.3.7 Issuance of further SGSB RPS-A

SGSB may at any time during the period prior and up to the completion date as contemplated under the SGSB Subscription Agreement without the prior written consent of Sunsuria being required, issue to Datuk Ter a further up to 11,054,358 SGSB RPS-A by way of capitalisation of shareholders' advances provided by Datuk Ter to SGSB, so that the total number of SGSB RPS-A in issue as the completion date of the SGSB Subscription Agreement shall in aggregate be up to 26,000,000 SGSB RPS-A.

For the avoidance of doubt, the issuance of further SGSB RPS-A in SGSB in excess of an aggregate 26,000,000 SGSB RPS-A shall require the prior written consent of Sunsuria.

2.7.3.8 Subscription by Datuk Ter for Reinvestment Shares and set-off arrangement

- (a) Datuk Ter irrevocably undertakes that immediately upon SGSB notifying Datuk Ter of the RPS-A Redemption, Datuk Ter shall subscribe for, and Sunsuria agrees to allot and issue to Datuk Ter or his nominee(s), 102,040,816 Reinvestment Shares at an issue price of RM0.98 per Reinvestment Share, amounting to an aggregate subscription price of RM100,000,000.

- (b) The parties have agreed that upon Datuk Ter subscribing for the Reinvestment Shares:-
 - (i) the Reinvestment Amount shall be wholly set-off against the redemption sum payable by SGSB in respect of the RPS-A Redemption amounting to RM100,000,000; and
 - (ii) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the SGSB Subscription Consideration in respect of the RPS-B, as referred to in Section 2.1.3(a) of this Announcement.

2.7.3.9 Rights Issue With Warrants

In the event that the Rights Issue With Warrants is aborted by Sunsuria or the Rights Issue With Warrants does not complete for any reason whatsoever by the SGSB Payment Date (as may be extended by mutual agreement of the parties from time to time), the parties shall enter into *bona fide* negotiations with a view to mutually agree on such adjustment to the Reinvestment Shares Issue Price and the number of the Reinvestment Shares to be issued as may be appropriate to take into account the relevant change in circumstances.

2.7.3.10 Listing of and quotation for the Reinvestment Shares

Following the allotment and issuance of the Reinvestment Shares, Sunsuria shall take all steps as may be necessary to procure that the Reinvestment Shares are listed and quoted on Bursa Securities within 21 business days after the date of the allotment and issuance of the Reinvestment Shares and credited into the Bursa Securities Central Depository System account designated in writing by Datuk Ter or his nominee(s).

2.7.3.11 Datuk Ter entitled to appoint nominee(s)

The parties agree that, at any time prior to the SGSB Payment Date, Datuk Ter will be entitled to appoint nominee(s) to receive and accept the Reinvestment Shares in place of Datuk Ter by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee(s). In the event of such nomination, Sunsuria undertakes to allot and issue the Reinvestment Shares to the said nominee(s) at the sole and absolute costs and expenses of Datuk Ter or his nominee(s) and provided always that Datuk Ter shall fully indemnify Sunsuria for all and any costs and expenses thereby incurred in respect thereof.

2.7.3.12 Termination of the SGSB Subscription Agreement

- (a) Each party to the SGSB Subscription Agreement shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the SGSB Subscription Agreement, the other party commits any continuing or material breach of any of its obligations under the SGSB Subscription Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or *inter alia*, a winding up or insolvency events occurs.
- (b) If a notice terminating the SGSB Subscription Agreement is duly given by either of the parties to the SGSB Subscription Agreement, and such parties elect not to pursue the remedy of specific performance, then within fourteen (14) business days of the giving of the notice –
 - (1) all documents, records and other information delivered by a party to any other party or the other parties collectively pursuant to or connected with the SGSB Subscription Agreement shall be returned to the relevant party or parties;
 - (2) any and all moneys (if any) received by SGSB forming the whole or any part of the SGSB Subscription Consideration pursuant to the terms of the SGSB Subscription Agreement, free from any interest accrued thereon (if any), shall be returned, refunded and repaid to Sunsuria;
 - (3) neither party to the SGSB Subscription Agreement shall have any further rights or obligations under the SGSB Subscription Agreement to the other party except in respect of –
 - (i) any rights or obligations under the SGSB Subscription Agreement which are expressed to apply after the termination of the SGSB Subscription Agreement; and
 - (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SGSB Subscription Agreement to either party prior to such termination.

3. RATIONALE FOR THE PROPOSALS

Sunsuria Group presently has two (2) ongoing property development projects, namely the Trivo, Suria Jelutong and Suria Residence project, both located in Bukit Jelutong, Shah Alam and has an aggregate gross development value (“**GDV**”) of RM326.0 million with expected completion in year 2015 and 2018 respectively.

The Proposals will increase Sunsuria's existing landbanks for property development from 4.71 acres to 206.23 acres and the estimated GDV for Sunsuria's property development projects would increase from RM326.0 million to RM4,532.0 million (based on Sunsuria's effective equity interest in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B) as depicted below:-

Development projects	Effective equity interest	Landbanks (acres)	Estimated GDV (RM' million)	Development lifespan
<u>Existing</u>				
1 Trivo, Suria Jelutong (Bukit Jelutong)	100%	1.16	53	2013 - 2015
2 Suria Residence (Bukit Jelutong)	100%	3.55	273	2014 - 2018
		4.71	326	
<u>The Proposals</u>				
1 Suria Serenia (Salak Tinggi)	50%	346.58	6,389	2015 - 2028
2 Sunsuria Medini (Medini, Johor)	21%	82.77	4,456	2014 - 2022
3 Suria Hills 2A and 2B (Setia Alam)	99%	10.96	76	2014 - 2016
Total		445.02	11,247	
Effective [^]		206.23	4,532	

Note:

[^] Based on effective interest of Sunsuria in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B).

The Proposals are in line with Sunsuria's long term strategic plan to augment its property development business and is expected to sustain the property development segment of the Sunsuria Group for the next 13 years. It should also be highlighted that the Proposals allow the Sunsuria Group to secure sizeable landbanks with development potential in established strategic locations such as Medini, Salak Tinggi and Setia Alam.

Whilst the Proposed Acquisitions involve the proposed acquisition of 21.0% effective equity interest in SMSB, such investment will enable the Company to participate in a property development project with a strategic partner from Japan (being Creed) in the Johor region, thereby raising Sunsuria's profile and branding as a property developer of international standing. Additionally, Sunsuria has an option to require Creed to purchase all of the SMSB Shares held by Concord and Sunsuria for a consideration of not less than RM39.9 million, which provides flexibility to Sunsuria to change strategic directions in SMSB should it choose to exit its investment in SMSB between the period commencing from 1 April 2016 until 31 October 2016.

The Proposed Reinvestment allows Sunsuria to conserve its cash reserves as well as to avoid incurring interest expenses on borrowings in view of the Proposed Reinvestment, that Datuk Ter and Sunsuria have agreed to set-off the redemption sum payable under the RPS-A Redemption against the subscription price payable under the Proposed Reinvestment.

4. RISK FACTORS IN RELATION TO THE PROPOSALS

4.1 Non-completion of the Proposals

There is a possibility that the Proposal Agreements may not be completed due to failure in fulfilling the conditions precedent as set out in the respective Proposal Agreements within the timeframe prescribed therein.

Nevertheless, the Board will take reasonable steps to ensure that such conditions precedent are met and fulfilled within the prescribed timeframe in order to complete the Proposals in a timely manner. Notwithstanding the above, as the Proposed Acquisitions, Proposed SGSB Transactions and the Proposed RNSB Subscription are not inter-conditional upon each other, the completion of each proposal under the Proposals can take place separately and independently.

In addition, the Proposals are conditional upon the approvals from the shareholders of the Company as well as the relevant authorities and/or parties being obtained, as disclosed in Section 8 of this Announcement. There is no assurance that the Proposals can be completed within the time period prescribed under the respective Proposal Agreements.

Nevertheless, the Company shall ensure that every effort is made to obtain all the necessary approvals for the Proposals in order for the Proposals to be completed in a timely manner.

4.2 Inability to obtain funding

As set out in Section 2.5 of this Announcement, it is the intention of the Board to fund the Balance Cash Purchase Consideration via the proceeds from the Fund Raising Exercise. As at the date of this Announcement, the Fund Raising Exercise has yet to be implemented (although the approval of the shareholders of the Company for the Rights Issue With Warrants and Private Placement have been obtained). There is no guarantee that the Fund Raising Exercise will be implemented successfully, such that the intended full amount of proceeds are raised or that any proceeds will be able to be raised at all. In the event that the Fund Raising Exercise is not implemented or completed for any reason whatsoever, there is also no guarantee that the Company will be able to obtain sufficient borrowings to fund the Balance Cash Purchase Consideration.

Nevertheless, the Company is confident that the Fund Raising Exercise can be implemented successfully as the shareholders of Sunsuria had approved the Fund Raising Exercise on 12 May 2014 and Datuk Ter and Ter Equity Sdn Bhd ("**Ter Equity**") had provided an undertaking to subscribe for the minimum level of subscription for the Rights Issue With Warrants of 238,102,032 Rights Shares together with 79,367,344 Warrants ("**Minimum Subscription Level**").

4.3 Risks inherent in property development

By virtue that our Group is a property developer, there are risks similar to those that it is accustomed to. However, we believe that the experience and expertise of our management team will enable our Group to mitigate these risks effectively.

4.3.1 Risk of failure in or delays in obtaining requisite governmental approvals for future property development projects

The Proposals include the acquisition of vacant lands for future development, which will require various permits, licences, certificates and approvals from various governmental authorities at various stages of development. There is no assurance that all such permits, licences, certificates and approvals will be successfully obtained within the scheduled timeframe for each development project. Failure or delays in obtaining such approvals may result in significant delays in the development schedules and/or cost overruns for the affected project which may in turn affect the profitability of the Group.

Nevertheless, the Company, with its experienced team, will seek to limit these risks through, *inter alia*, careful planning and proactive and close monitoring of the progress of the development projects and endeavour, to the best of its ability, to obtain all the necessary permits, licences, certificates and approvals required for the development projects.

4.3.2 Performance of the property market

The Group's financial performance is largely dependent on the performance of the property market in Malaysia. Any adverse developments affecting the property market such as the deterioration in property demand and the rates of property rental may have an adverse impact on the Group's business operations and financial performance.

The performance of the property market is also affected by the regulatory environment. In efforts to promote a more stable and sustainable property market, local authorities in Malaysia have introduced certain regulatory restrictions and schemes.

RPGT was reinstated by the government of Malaysia ("**Government**") in 2010 to deter speculative activities in the secondary property market. Subsequent to 2010, the RPGT rates were revised higher by the Government as part of its efforts to further curb speculation in the property market.

Additionally, the Government had also imposed a minimum purchase price of RM1,000,000 on properties purchasable by foreigners in the Malaysian Budget 2014 as part of the Government's plans to restrict speculative activities in the property market. While this measure may affect foreigners' demand for properties in Malaysia, Sunsuria Group's development are targeted to the local market and as such the Board is of the opinion that the measures will not adversely affect the Group's property sales. In addition to that, the Group's investment in Medini Iskandar is not subject to the floor price of RM1,000,000.

In 2010, Bank Negara Malaysia (“**BNM**”) had also introduced a maximum loan-to-value (“**LTV**”) ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

In addition, banks are no longer providing financing for projects with developer interest bearing schemes (“**DIBS**”). DIBS is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under DIBS, interests of the loan undertaken by the buyers are borne by the property developers until the property has been completely constructed. However, the Board is of the view that such restriction should not have a material impact on the Group’s operations and financial performance as the Group believes that it is able to attract potential purchasers with the good product quality and strategic locations of its development together with the offering of other forms of promotional incentives. However, any further introduction of cooling measures by the Government or BNM to control price levels of the Malaysian property market may adversely impact the Group’s property development business.

4.3.3 Cost fluctuation and demand for properties

Sunsuria being a property developer is subject to certain risks inherent to property development, such as oversupply of the properties to be developed, changes in demand for types of residential and commercial properties, labour and material supply shortages. The Group’s profitability may also be affected by any increase in land acquisition costs and fluctuation of construction costs which are inherent to the property development industry. Higher cost of materials (including steel, cement and tiles), labour costs, contractor fees and overheads, will reduce the Group’s profit margin in the event the Sunsuria Group is unable to pass these increased costs to customers in the form of higher selling prices. Selling prices of properties are largely determined by product differentiation in terms of location, reputation, quality design and the conditions of the property market in Malaysia.

There can be no assurance that any changes in development cost will not have any material impact on the Group’s financial performance. Nevertheless, Sunsuria Group seeks to limit this risk by continuing to closely monitor and manage the construction costs as well as leverage on its track record and experienced, capable and dedicated management team in place, to manage these risks closely while making all reasonable efforts to maintain the quality of the Group’s products.

The demand for the Group’s properties is affected by the economic climate, conditions of the property market, buyers’ perception and consumer sentiment and changes in market rental yields and interest rates, which the Group may not have any control over. The Group continuously seeks to mitigate these risks by constantly reviewing its development and marketing strategies in response to the ever-changing market conditions and adopting different development concepts and techniques that position the Group to meet the needs of its target market.

4.3.4 Scarcity of commercially viable landbanks for development

Moving forward, for the Group to be successful in the property development industry, the Group relies on its ability to identify and acquire suitable landbanks with development potential to deliver sustainable growth and profitability. However, the Group also faces intense competition from other established property developers in identifying and acquiring strategically located landbanks at commercially viable prices. The competition among industry players has to a certain extent, created some scarcity in strategically located land, which may result in higher land acquisition cost, thus may lead to a potential decrease in the Group's profitability and adversely affect its prospects.

Post Proposals, Sunsuria Group will have an effective 206.23 acres of landbanks. However, the Group shall continuously source to increase its landbanks at strategic locations with development potential. Nevertheless, there can be no assurance that the Group will be able to continue to identify new landbanks and replenish existing landbanks on commercially-viable prices and on suitable terms, or be able to secure opportunities to jointly develop lands with land owners on commercially viable profit sharing terms and with good development potential to spur growth, as the Group continue to undertake its development plans.

4.4 Non-compliance with public spread requirement

There is a risk that the Company may not meet Bursa Securities' public shareholding spread requirement of at least 25% of Sunsuria's total listed shares are in the hands of public shareholders ("**Public Spread Requirement**") arising from the implementation of the Proposed Reinvestment and Rights Issue With Warrants following the issuance of the Reinvestment Shares to Datuk Ter and/or his nominee(s) and the subscription by the said parties to their entitlement to the Rights Shares.

Nevertheless, the Company will endeavor to rectify the shortfall in the Public Spread Requirement if required, by inter-alia, undertaking the Private Placement and entering into underwriting arrangements for the Rights Shares not covered by the Undertakings (as defined herein). Where required, the Company may also seek an extension of time from Bursa Securities to rectify the situation.

5. PROSPECTS OF THE PROPOSALS

5.1 Overview and prospects of the Malaysian economy

Growth of the Malaysian economy accelerated to 6.4% in the second quarter of 2014 from 6.2% in the first quarter, making the strongest growth since the fourth quarter in 2010, and bringing the first half growth to 6.3%. Growth was supported by the resilient domestic demand and reinforced by higher exports. The faster pace of recovery, particularly in the United States of America ("**US**") and United Kingdom and selected euro area economies as well as moderate growth in the emerging economies provided strong support to the Malaysian export-oriented industries and trade-related services. Of significance, global semiconductor demand also rebounded strongly as business confidence and consumer spending in the US improved amid diminishing inventory overhang. Consequently, gross exports rebounded strongly by 10.7% during the first seven months of 2014 from a contraction of 2.8% in the corresponding period in 2013.

Meanwhile, the Malaysian economy has benefited from several initiatives and reforms taken over the years to enhance its resilience and competitiveness. Consequently, Malaysia is now well placed to gain further from the gradual global recovery with a more broad-based growth. The nation's strengths include: strong macroeconomic fundamentals such as a diversified economy; low unemployment; strong international reserves; growing role of the private sector as the driver of growth with its share of investment currently accounting for 68.9% of total investment during the first half of 2014; and a healthy financial system to support economic activity. Thus, the domestic economy will continue to expand in the second half of the year, albeit moderately, mainly due to the high-base effect of export performance from the previous year. For 2014, the economy is projected to grow 5.5% - 6% (2013: 4.7%), which is higher than the initial forecast of 4.5% - 5.5% in early 2014.

On the demand side, growth will be underpinned by resilient consumer spending, strong private investment activity and improving global demand. Consumer spending is envisaged to be sustained, albeit at a moderate pace, supported by favourable labour market conditions, continued wage growth and firm export earnings. Private investment is expected to sustain its strong growth momentum supported by the ongoing projects under the Economic Transformation Programme (ETP) and investment in the regional economic growth corridors. Meanwhile, public expenditure is envisaged to expand at a slower pace in line with the Government's commitment to fiscal consolidation. Public consumption is expected to moderate due to lower growth on emoluments, while public investment will continue to expand supported by higher capital spending of Non-Financial Public Enterprises (NFPEs).

On the supply side, all sectors are expected to record positive growth in 2014, with the services and manufacturing sectors spearheading growth. The services sector is expected to grow strongly, with the wholesale trade, transport and storage benefitting from higher trade-related activities. Meanwhile, activities in retail trade, accommodation and restaurants as well as communication are expected to increase amid sustained household spending. The manufacturing sector is estimated to grow at a faster pace on higher exports of electronics and electrical (E&E) products as external demand improves. Sales and exports of personal computers (PCs) and related parts have rebounded supported by improved global demand and declining inventory. Growth of the domestic-orientated industries such as food and beverage as well as transportation equipment and machinery is expected to remain favourable, in line with resilient domestic consumption and robust private investment. The construction sector is expected to further expand supported by the civil engineering and residential subsectors. The civil engineering subsector will be driven by oil and gas as well as transportation projects. Meanwhile, growth in the residential subsector is mainly due to the construction of private residential projects ranging from medium to high-end properties, particularly in the Klang Valley, Pulau Pinang and Johor. Prospects for the agriculture sector in 2014 will also remain favourable, supported by higher production of crude palm oil and food, especially poultry, fruits and vegetables. The mining sector is expected to grow backed by the increase in production of natural gas and crude oil (including condensates) following capacity enhancement and new production facilities.

(Source: Economic Report 2014/2015, Ministry of Finance)

The Malaysian economy is expected to register real GDP growth of 5.7% in 2014, decelerating to 4.7% in 2015 before normalizing to 5.1% in 2016. As consumers adjust to the implementation of the GST and the elimination of fuel subsidies, as well as further moderation in credit growth, private consumption will slow somewhat. Fixed investment will expand at a moderate pace due to the decline in commodity prices that is likely to reduce capital expenditures in the oil and gas industry. Exports will continue to expand in line with the gradual global recovery, but the contribution of external demand will return to negative territory especially as firms import parts and components to rebuild inventories depleted in 2013 and 2014.

(Source: Malaysia Economic Monitor, Towards a Middle-Class Society, World Bank dated December 2014)

5.2 Overview and outlook of the Malaysian property market

The construction sector continued to register a double-digit growth of 14.3% during the first half of 2014 (January-June 2013: 12%). During the period, 19,649 construction projects were undertaken with contract value of RM50.1 billion. The residential subsector contributed 29.6% to the total construction work. The growth in residential subsector is mainly due to the construction of the private residential projects ranging from medium-high end properties particularly in Klang Valley, Pulau Pinang and Johor.

The residential subsector expanded strongly by 22.1% during the first half of 2014 (January-June 2013: 15.7%) supported by higher growth in incoming supply at 9.5% (January- June 2013). Meanwhile, new housing approvals increased significantly by 32.6% to 96,115 units (January- June 2013: 6.8%; 72,461 units). Despite the decline in housing starts at 5.3% to 70,346 units (January-June 2013: 21.1%, 74,270 units), residential activity is expected to remain stable. The take-up rate for houses priced between RM500,001 and RM1,000,000, within 6 months after launch, was lower at 11.6% (January- June 2013: 34.2%) following several measures to cool the housing sector. Meanwhile, the highest take-up rate was recorded for houses priced between RM200,001 and RM250,000 at 49.3%. With regard to the provision of adequate houses for the low-income group, the Government continues to allocate fund to build affordable houses under various Government programs, such as Rumah Mesra Rakyat (RMR), Rumah Mampu Milik (RMM), and Rumah Idaman Rakyat (RIR). The Government also allocated RM1 billion under 1 Malaysia Housing Program (PR1MA) to build 80,000 housing units.

Meanwhile, the value of total property transactions increased to RM82 billion (January-June 2013: RM68.8 billion), with volume expanding 3.3% to 193,405 transactions during the first six (6) months of 2014. Residential property transactions formed the bulk with a share of 63.5%. However, following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first half of 2014 (July-December 2013: 5.1%). During the same period, residential transactions declined in Kuala Lumpur (-4.8%) and Selangor (-2.1%), while Johor and Pulau Pinang registered positive growth of 17.5% and 2.7%, respectively. Meanwhile, the residential overhang declined 11.5% to 12,105 units during the first half of 2014 (January-June 2013: -15.1%; 13,673 units), with a total value of RM4.5 billion (January-June 2013: RM5 billion).

House prices in Malaysia continue to rise, albeit at a slower pace, amid several measures to curb rising house prices since 2010. The increase in house prices was driven by strong demand following favourable labour market conditions and growing household income. The Malaysian House Price Index, which measures the change in prices paid for an average house, increased moderately by 6.6% in the second quarter of 2014, compared with 11.3% in the corresponding period in 2013. This was the lowest quarterly rate of increase since the third quarter of 2010.

(Source: Economic Report 2014/2015, Ministry of Finance)

5.3 Prospects of the Identified Companies

The lands held by the Identified Companies are mainly situated in strategic locations in the Klang Valley and Johor, namely Setia Alam, Kota Warisan and Medini. Due to the scarcity of development land in prime areas, demand for properties is expected to remain positive. In general, the property market in Klang Valley has good mid- to long-term prospects, benefiting from the existing and planned transportation infrastructure such as airports, light rail transit, mass rapid transit and highways.

Proposed SGSB Transactions – Suria Serenia

The 346.58 acres of freehold Suria Serenia Land held by SDSDSB, a 50:50 joint venture company between SGSB and Sime Darby Property, is located south of Putrajaya and 18km from Kuala Lumpur International Airport (“**KLIA**”). The site is strategically adjacent to the Salak Tinggi KLIA express station, which takes about 6 minutes from KLIA and 28 minutes to KL Sentral via KLIA express rail link. With the Suria Serenia Land surrounding the Xiamen University Malaysia Campus, its strategic location which is easily accessible via rail and close proximity to KLIA will be a major selling point, in particular to the local and foreign students enrolling into the campus. The campus is targeted to be completed by year 2015 with a capacity to cater for 10,000 students. The Suria Serenia Land is expected to be transformed into a university township complete with commercial and residential properties catering to the staff and students of Xiamen University Malaysia Campus, with an estimated GDV of approximately RM6.4 billion.

Proposed SMSB Acquisitions – Sunsuria Medini

Sunsuria Medini project is being planned to include a mixed-integrated development featuring commercial units, retail parks and services suites, with an estimated GDV of RM4.5 billion. The Medini area is particularly attractive to foreign investors as there are no restrictions on property purchase by foreigners and potentially shielded from RPGT. The above factors, coupled with Medini’s close proximity to Singapore and relative affordability of Malaysia’s properties vis-à-vis neighbouring foreign cities such as Singapore and Hong Kong, is expected to drive demand for properties in that locality from both locals and foreigners alike.

Proposed RNSB Subscription– vacant bungalow lots within Suria Hills

Suria Hills is situated in the established township of Setia Alam, Shah Alam. These vacant bungalow lots blend well with the current demand of such matured township complemented with various amenities and facilities within close vicinity. Furthermore, the development site is easily accessible via various expressways connecting Shah Alam to Kuala Lumpur such as the Federal Highway, New Klang Valley Expressway and the newly built NKVE-Setia Alam link.

(Source: Management of Sunsuria)

6. EFFECTS OF THE PROPOSALS

The proforma effects of the Proposals on the share capital, substantial shareholders' shareholding and the net assets ("**NA**") as well as gearing of Sunsuria are illustrated on the basis that the Proposals are completed before the Fund Raising Exercise and are based on the following scenarios:-

Minimum Scenario: Based on the minimum subscription level of 238,102,032 Rights Shares together with 79,367,344 Warrants based on the written irrevocable and unconditional undertakings dated 28 March 2014 provided by Datuk Ter and Ter Equity ("**Undertakings**") as well as 10% of the shares to be issued pursuant to the Private Placement after the Rights Issue With Warrants.

Maximum Scenario: Based on the assumption that all the shareholders of the Company entitled for the Rights Shares subscribe for their respective entitlements under the Rights Issue With Warrants and 10% of the shares to be issued pursuant to the Private Placement after the Rights Issue With Warrants.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

6.1 Share capital and substantial shareholders' shareholding

The Proposals (excluding the Proposed Reinvestment) will not have any effect on the issued and paid-up share capital of Sunsuria as well as Sunsuria's substantial shareholders' shareholdings, as the consideration for the Proposals (excluding the Proposed Reinvestment) shall be satisfied entirely by cash and does not involve any issuance of new shares in the Company.

The proforma effects of the Proposed Reinvestment on the issued and paid-up share capital and substantial shareholders' shareholding are as follows:-

6.1.1 Share capital

	Minimum Scenario		Maximum Scenario	
	No. of Sunsuria Shares	RM	No. of Sunsuria Shares	RM
<u>Issued and paid-up share capital</u>				
Issued and paid-up share capital as at the LPD	158,361,472	79,180,736	158,361,472	79,180,736
To be issued pursuant to the Proposed Reinvestment	102,040,816	51,020,408	102,040,816	51,020,408
	260,402,288	130,201,144	260,402,288	130,201,144
To be issued pursuant to the Rights Issue With Warrants	238,102,032	119,051,016	475,084,416	237,542,208
	498,504,320	249,252,160	735,486,704	367,743,352
To be issued pursuant to the Private Placement	49,850,432 ⁽¹⁾	24,925,216	63,344,588 ⁽²⁾	31,672,294
	548,354,752	274,177,376	798,831,292	399,415,646
To be issued assuming full exercise of the Warrants	79,367,344	39,683,672	158,361,472	79,180,736
Enlarged issued and paid-up share capital	627,722,096	313,861,048	957,192,764	478,596,382

Notes:-

(1) Representing 10% of the enlarged share capital of Sunsuria after the Rights Issue With Warrants.

(2) Representing approximately 8.6% of the enlarged share capital of Sunsuria after the Rights Issue With Warrants, being the maximum number of placement shares approved by shareholders of Sunsuria at its EGM on 12 May 2014.

6.1.2 Substantial shareholders' shareholding

Minimum Scenario

Name	As at the LPD				(I) After the Proposed Reinvestment				(II) After (I) and the Rights Issue With Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	33,897,400	21.41	47,051,744 ⁽²⁾	29.71 ⁽²⁾	54,021,884 ⁽³⁾	20.75 ⁽³⁾	128,968,076 ⁽²⁾	49.53 ⁽²⁾	155,205,884	31.13	265,886,108 ⁽⁴⁾	53.34 ⁽⁴⁾
Ter Equity	45,639,344	28.82	-	-	45,639,344	17.53	-	-	159,521,382	32.00	23,035,994 ⁽⁵⁾	4.62 ⁽⁵⁾
Ter Capital Sdn Bhd ("Ter Capital")	1,412,400	0.89	-	-	83,328,732 ⁽³⁾	32.00 ⁽³⁾	-	-	83,328,732	16.72	-	-
Nominated Investors ⁽¹⁾	-	-	-	-	-	-	-	-	23,035,994	4.62	-	-
Placee(s)	-	-	-	-	-	-	-	-	-	-	-	-

Name	(III) After (II) and the Private Placement				(IV) After (III) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	155,205,884	28.30	265,886,108 ⁽⁴⁾	48.49 ⁽⁴⁾	188,933,884	30.10	311,525,452 ⁽⁴⁾	49.63 ⁽⁴⁾
Ter Equity	159,521,382	29.09	23,035,994 ⁽⁵⁾	4.20 ⁽⁵⁾	197,482,061	31.46	30,714,659 ⁽⁵⁾	4.89 ⁽⁵⁾
Ter Capital	83,328,732	15.20	-	-	83,328,732	13.27	-	-
Nominated Investors ⁽¹⁾	23,035,994	4.20	-	-	30,714,659	4.89	-	-
Placee(s)	49,850,432	9.09	-	-	49,850,432	7.94	-	-

Notes:-

- (1) *Datuk Ter and Ter Equity may procure / nominate other party(ies) to subscribe for a portion of their respective Rights Shares entitlements ("**Nominated Investors**")*
- (2) *Deemed interested by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Companies Act, 1965.*
- (3) *Datuk Ter is proposing to nominate Ter Capital to hold the Reinvestment Shares issued to them pursuant to the Proposed Reinvestment.*
- (4) *Deemed interested by virtue of his interest in Ter Equity, Ter Capital, and Ter Equity's Nominated Investors pursuant to Section 6A of the Companies Act, 1965.*
- (5) *Deemed interested by virtue of its interest in its Nominated Investors pursuant to Section 6A of the Companies Act, 1965.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Maximum Scenario

Name	As at the LPD				(I) After the Proposed Reinvestment				(II) After (I) and the Rights Issue With Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	33,897,400	21.41	47,051,744 ⁽¹⁾	29.71 ⁽¹⁾	54,021,884 ⁽²⁾	20.75 ⁽²⁾	128,968,076 ⁽¹⁾	49.53 ⁽¹⁾	155,714,084	21.17	270,123,308 ⁽¹⁾	36.73 ⁽¹⁾
Ter Equity	45,639,344	28.82	-	-	45,639,344	17.53	-	-	182,557,376	24.82	-	-
Ter Capital	1,412,400	0.89	-	-	83,328,732 ⁽²⁾	32.00 ⁽²⁾	-	-	87,565,932	11.91	-	-
Placee(s)	-	-	-	-	-	-	-	-	-	-	-	-

Name	(III) After (II) and the Private Placement				(IV) After (III) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	155,714,084	19.49	270,123,308 ⁽¹⁾	33.81 ⁽¹⁾	189,611,484	19.81	317,175,052 ⁽¹⁾	33.14 ⁽¹⁾
Ter Equity	182,557,376	22.85	-	-	228,196,720	23.84	-	-
Ter Capital	87,565,932	10.96	-	-	88,978,332	9.30	-	-
Placee(s)	63,344,588	7.93	-	-	63,344,588	6.62	-	-

Notes:-

(1) Deemed interested by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Companies Act, 1965.

(2) Datuk Ter is proposing to nominate Ter Capital to hold the Reinvestment Shares issued to them pursuant to the Proposed Reinvestment.

6.2 Earnings and earnings per share (“EPS”)

As the Proposals are expected to be completed in the second quarter of calendar year 2015, the Proposals are not expected to have any material effect on the earnings and EPS of Sunsuria for the FYE 31 March 2015.

There will be a corresponding dilution in Sunsuria’s consolidated EPS as a result of the increase in the issued and paid-up share capital of Sunsuria arising from the issuance of the Reinvestment Shares pursuant to the Proposed Reinvestment.

Nevertheless, the Proposals are expected to contribute positively to the future earnings and EPS of the Group for the ensuing financial years, due to, amongst others, the earnings contribution from development projects already being undertaken/to be undertaken by the Identified Companies pursuant to the Proposals.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

6.3 NA and gearing

Based on the latest audited consolidated financial statements of Sunsuria Group for the FYE 31 March 2014, the proforma effects of the Proposals on the consolidated NA per Sunsuria Share and gearing of the Group are as follows:-

Minimum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 31 March 2014	After the Proposals ⁽¹⁾	After (I) and Rights Issue With Warrants ⁽²⁾	After (II) and Private Placement ⁽²⁾	After (III) and assuming full exercise of the Warrants ⁽²⁾
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	79,180	130,201	249,252	274,177	313,861
Share premium	13,296	62,276	67,751	80,214	210,632
Warrant reserve	-	-	27,241	27,241	-
Capital reserve	815	815	815	815	815
Capital redemption reserve	-	100	100	100	100
Retained profits	(5,037)	107,155 ⁽³⁾	107,155	107,155	107,155
Shareholders equity / NA	88,254	300,547	452,314	489,702	632,563
Number of ordinary shares ('000)	158,361	260,402	498,504	548,355	627,722
NA per share (RM)	0.56	1.15	0.91	0.89	1.01
Total borrowings	-	-	-	54,820	54,820
Gearing ratio (times)	-	-	-	0.11	0.09

Note:-

- (1) Based on Reinvestment Shares Issue Price of RM0.98 and the issuance of 102,040,816 Reinvestment Shares.
- (2) The above proforma illustrates the effects of the Fund Raising Exercise under the Minimum Scenario and the assumptions set out in the circular to shareholders dated 18 April 2014 ("**Circular to Shareholders**") as if the Fund Raising Exercise had been effected as at 31 March 2014.
- (3) After taking into consideration the estimated expenses to be incurred of approximately RM3.05 million for the Proposals as well as the net gain on bargain purchase arising from SGSB. The computation of the goodwill/negative goodwill which forms the basis of the net gain on bargain purchase, is determined based on the provisional fair values of the net assets and liabilities acquired. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with FRS 3 Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. Accordingly, the final determination may differ from what is reflected in the pro forma consolidated statements of financial position.

In accordance with para 45 of FRS3 Business Combinations, the acquirer has measurement period of not exceeding one year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Maximum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 31 March 2014	After the Proposals ⁽¹⁾	After (I) and Rights Issue With Warrants ⁽²⁾	After (II) and Private Placement ⁽²⁾	After (III) and assuming full exercise of the Warrants ⁽²⁾
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	79,180	130,201	367,743	399,416	478,596
Share premium	13,296	62,276	74,009	89,845	350,245
Warrant reserve	-	-	54,530	54,530	-
Capital reserve	815	815	815	815	815
Capital redemption reserve	-	100	100	100	100
Retained profits	(5,037)	107,155 ⁽³⁾	107,155	107,155	107,155
Shareholders equity / NA	88,254	300,547	604,352	651,861	936,911
Number of ordinary shares ('000)	158,361	260,402	735,487	798,831	957,193
NA per share (RM)	0.56	1.15	0.82	0.82	0.98
Total borrowings	-	-	-	-	-
Gearing ratio (times)	-	-	-	-	-

Note:-

- (1) Based on Reinvestment Shares Issue Price of RM0.98 and the issuance of 102,040,816 Reinvestment Shares.
- (2) The above proforma illustrates the effects of the Fund Raising Exercise under the Maximum Scenario and the assumptions set out in the Circular to Shareholders as if the Fund Raising Exercise had been effected as at 31 March 2014.
- (3) After taking into consideration the estimated expenses to be incurred of approximately RM3.05 million for the Proposals as well as the net gain on bargain purchase arising from SGSB. The computation of the goodwill/negative goodwill which forms the basis of the net gain on bargain purchase, is determined based on the provisional fair values of the net assets and liabilities acquired. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with FRS 3 Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. Accordingly, the final determination may differ from what is reflected in the pro forma consolidated statements of financial position.

In accordance with para 45 of FRS3 Business Combinations, the acquirer has measurement period of not exceeding one year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

6.4 Convertible securities

As at the date of this Announcement, the Company does not have any existing convertible securities.

7. HIGHEST PERCENTAGE RATIOS APPLICABLE

The highest percentage ratio applicable to the Proposals as per Paragraph 10.02(g) Chapter 10 of the MMLR is 397.38%, calculated based on the total purchase consideration as compared to the NA of the Sunsuria Group based on the Company's latest audited financial statements for the FYE 31 March 2014.

8. APPROVALS REQUIRED

The Proposals are subject to *inter alia* the following approvals being obtained:-

- (i) the approval of Bursa Securities for the listing of and quotation for the Reinvestment Shares on the Main Market of Bursa Securities;
- (ii) the approval of shareholders of Sunsuria at an EGM to be convened;
- (iii) the financiers/creditors of the Identified Companies pursuant to the Proposals, if required;
- (iv) approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving the Identified Companies and their subsidiary company/jointly controlled entity, where required, in each case to the extent that at the completion date the same remain to be completed or performed or remain in force; and
- (v) any other relevant authorities and/or parties, if required.

For the avoidance of doubt, the Proposals are not conditional upon the implementation of the Rights Issue With Warrants and the Private Placement.

The Proposed SMSB Acquisition 1 is inter-conditional with the Proposed SMSB Acquisition 2 and the Proposed SGSB Subscription is inter-conditional with the Proposed Reinvestment. The Proposed Acquisitions, the Proposed SGSB Transactions and the Proposed RNSB Subscription are not inter-conditional with each other.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

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

Datuk Ter is the Executive Chairman and major shareholder of Sunsuria, holding 21.41% direct equity interest in Sunsuria and 28.82% and 0.89% indirect interest in Sunsuria through Ter Equity and Ter Capital as at the LPD. RNSB is a wholly-owned subsidiary of SDSB while SDSB is in turn, a wholly-owned subsidiary of SHSB. SHSB is a company controlled by Datuk Ter and his family members. In addition, Datuk Ter and his wife, Datin Kwan are the shareholders and directors of SGSB. Datuk Ter is also a director of SMSB, SHSB and SDSB. Datuk Ter will also be allotted with the Reinvestment Shares pursuant to the Proposed Reinvestment.

In addition, TCSB, being the vendor of the SMSB Sale Shares, is a company controlled by Datuk Ter and his family members. Datuk Ter is also a director of TCSB. THK is Datuk Ter's father. THK and Datuk Ter are the vendors of the Concord Sale Shares. Datuk Ter is also a director of Concord.

In view of the above, Datuk Ter and Ter Equity are deemed interested in the Proposals.

Similarly, Wong Yuen Teck ("**WYT**"), an Executive Director of Sunsuria, is also a director of SDSB and SMSB and a director and shareholder of SHSB, being the ultimate holding company of RNSB and SGSB. Hence WYT is also deemed interested in the Proposals.

Datuk Ter and WYT are referred to as the "**Interested Directors**" whilst Datuk Ter and Ter Equity are referred to as the "**Interested Major Shareholders**".

As such, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposals. Accordingly, the Interested Directors and the Interested Major Shareholders will also abstain from voting and will also undertake to ensure that persons connected to them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in Sunsuria on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.

Koong Wai Seng ("**KWS**"), an Executive Director of Sunsuria, has declared that he is also a director of SMSB and SDSB but does not have any direct or indirect interest in Sunsuria, SMSB and SDSB. KWS is also not a person connected with the Interested Directors and Interested Major Shareholders. In view of this, KWS has voluntarily abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposals in order to mitigate any potential conflict of interest situation. He has also opted to abstain from voting and will also undertake to ensure that persons connected to him (if any) will abstain from voting in respect of his/their direct and/or indirect shareholdings, if any, on the resolutions for the Proposals to be tabled at the EGM to be convened.

The shareholdings of the Interested Directors, the Interested Major Shareholders and KWS in Sunsuria as at LPD are as follows:-

	Direct		Indirect	
	No of Sunsuria Shares	%	No of Sunsuria Shares	%
<u>Interested Director and Interested Major Shareholder</u> Datuk Ter	33,897,400	21.41	47,051,744 ⁽¹⁾	29.71 ⁽¹⁾
<u>Interested Director</u> WYT	1,800,000	1.14	-	-
KWS	-	-	-	-
<u>Interested Major Shareholder</u> Ter Equity	45,639,344	28.82	-	-

Note:-

(1) Deemed interested by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Companies Act, 1965.

10. AMOUNT TRANACTED WITH THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDERS FOR THE PRECEDING 12 MONTHS

As at the date of this Announcement, there were no other transactions entered into by the Company with the Interested Directors and the Interested Major Shareholders for the preceding twelve (12) months from the date of this Announcement.

11. DIRECTORS' STATEMENT

The Board (save for the Interested Directors who are deemed interested in the Proposals and KWS), after having considered all aspects of the Proposals and after careful deliberation, is of the opinion that the Proposals are in the best interests of the Company and the terms of the Proposals are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders.

The opinion of the Board (save for the Interested Directors and KWS) was arrived at after having considered, *inter-alia*, the terms and conditions of the Proposal Agreements, the rationale for the Proposals, the proforma effects of the Proposals on the Group, the prospects of the Identified Companies, as well as after discussions with the independent adviser appointed by the Company as set out in Section 14 of this Announcement.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company is of the opinion that the Proposals are in the best interest of the Group and the terms of the Proposals are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders of the Company.

The opinion of the Audit Committee was arrived at after having considered, *inter-alia*, the terms and conditions of the Proposal Agreements, the rationale for the Proposals, the proforma effects of the Proposals on the Group, the prospects of the Identified Companies, as well as after discussions with the independent adviser appointed by the Company.

13. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application(s) to the relevant authorities in relation to the Proposals are expected to be submitted within three (3) months from the date of this Announcement.

14. ADVISER

AmlInvestment Bank, Astramina and RHB Investment Bank have been appointed as the Joint Advisers for the Proposals.

The Proposals are deemed as the related party transactions pursuant to Paragraph 10.08 of the MMLR in view of the interests of the Interested Directors and the Interested Major Shareholders in the Proposals as set out in Section 9 of this Announcement. Accordingly, KAF Investment Bank Berhad has been appointed as an independent adviser to provide the non-interested directors and non-interested shareholders of Sunsuria in respect of the Proposals with:-

- (i) an independent evaluation of the Proposals;
- (ii) an opinion as to whether the Proposals are fair and reasonable and whether the Proposals are detrimental to the non-interested shareholders of the Company; and

- (iii) a recommendation as to whether non-interested shareholders of the Company should vote for or against the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

WTW and EY have been appointed by the Board to conduct valuation on the property related assets of the Identified Companies and SGSB respectively.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the second (2nd) quarter of calendar year 2015.

16. DOCUMENTS FOR INSPECTION

The respective Proposal Agreements, EY Valuation Letter and valuation certificates from WTW will be made available for inspection during normal business hours at Sunsuria's registered office at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 10 March 2015.