

## SUNSURIA BERHAD (“SUNSURIA” OR “COMPANY”)

### EXERCISE OF PUT OPTION IN RELATION TO CI MEDINI SDN BHD (“CI MEDINI”) (FORMERLY KNOWN AS SUNSURIA MEDINI SDN BHD)

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#### 1. INTRODUCTION

Reference is made to the announcements dated 10 March 2015, 16 March 2015, 27 April 2015, 11 June 2015 and 12 June 2015 as well as the circular to the shareholders of Sunsuria dated 27 May 2015 in relation to, *inter-alia*, the CI Medini Acquisitions (as defined herein) and the Put Option (as defined herein).

On 12 June 2015, Sunsuria completed the acquisition of a collective 21% effective equity interest in CI Medini (“**CI Medini Acquisitions**”) by way of acquisition of 100% equity interest in Concord Property Management Sdn Bhd (“**Concord**”) (which held 20% equity interest in CI Medini) and acquisition of 1% equity interest in CI Medini.

Following the completion of the CI Medini Acquisitions, Sunsuria is bound by the terms of the shareholders’ agreement in relation to CI Medini dated 21 November 2014 (as amended by the variation letters dated 14 September 2015 and 30 September 2015) (“**Shareholders’ Agreement**”), which include, *inter-alia*, the put option held by Sunsuria and Concord (“**Put Option**”) as follows:

- (a) Commencing from 1 April 2016 until 31 October 2016 (inclusive of both dates), Sunsuria and Concord shall jointly have an option to require Creed Investments Pte Ltd (“**Creed**”) to purchase all (but not some only) of the ordinary shares of RM1.00 each in CI Medini (“**CI Medini Shares**”) then held by Sunsuria and Concord.
- (b) Notwithstanding item (a) above, in the event of an exercise of the Put Option, in lieu of Creed’s acquisition of all of the CI Medini Shares then held by Sunsuria and Concord, Creed shall acquire the following shares instead:
  - (i) from Concord’s shareholder(s), all the ordinary shares of RM1.00 in Concord (“**Concord Shares**”); and
  - (ii) all the CI Medini Shares held by Sunsuria.

As at the date of this announcement, Sunsuria is holding 20% effective equity interest in CI Medini through its wholly-owned subsidiaries namely Concord (which holding 19.05% direct interest in CI Medini) and Sunsuria North Sdn Bhd (“**SNSB**”) (formerly known as Consolidated Leasing (M) Sdn Bhd) (which holding 0.95% direct interest in CI Medini), after additional shares subscription in CI Medini by the shareholders of CI Medini.

For information, based on the terms of the Shareholders’ Agreement, CI Medini shall declare dividends payable to each shareholder of the company for profits up to 31 March 2016 (“**Dividend**”). Concord and SNSB shall collectively be entitled to 20% of the Dividend.

The Board of Directors of Sunsuria (“**Board**”) are pleased to announce that Concord has on 12 April 2016 served a written notice to Creed to exercise the Put Option (“**Put Option Notice**”) by requiring Creed to purchase the following shares in accordance with the terms and conditions of the Shareholders’ Agreement:

- (i) purchase from Sunsuria (being the sole shareholder of Concord), the entire equity interest currently held by Sunsuria in Concord comprising 2 Concord Shares (“**Concord Sale Shares**”); and
- (ii) purchase from SNSB (being the nominee of Sunsuria pursuant to the deed of accession dated 12 June 2015 in relation to the Shareholders’ Agreement), the 0.95% equity interest currently held by SNSB in CI Medini comprising 12,500 CI Medini Shares (“**CI Medini Sale Shares**”)

(the Concord Sale Shares and CI Medini Sale Shares are collectively referred to as the “**Sale Shares**”),

for a total cash consideration of RM39.94 million for the acquisition of the Sale Shares ("**Sale Shares Consideration**"), together with RM15.50 million for settlement of the total amounts owing by Concord and CI Medini to Sunsuria as at the date of this announcement ("**Repayment of Amount Owning**") and equivalent entitled amount for payment of the Dividend by CI Medini to Concord and SNSB collectively ("**Dividend Payment**") ("**Exercise of Put Option**"). Upon completion of the Exercise of Put Option, Sunsuria and its group of companies ("**Sunsuria Group**" or "**Group**") will receive a total cash proceeds of RM55.44 million pursuant to the Exercise of Put Option and any Dividend Payment.

Upon completion of the Exercise of Put Option, Concord will cease to be a subsidiary of Sunsuria and CI Medini will cease to be an associate company of the Sunsuria Group.

Additional information on CI Medini, Concord, SNSB and Creed is set out in Appendix I herein.

## 2. DETAILS OF THE EXERCISE OF PUT OPTION

### 2.1 Salient terms of the Put Option

The salient terms of the Put Option include, *among others*, the following:

- (i) The acquisition by Creed of the Sale Shares is subject to Creed's satisfaction with the results of due diligence conducted by Creed on Concord ("**Condition**") within 2 months from the date of the Put Option Notice ("**Condition Period**");
- (ii) Creed shall conclude and complete its due diligence exercise on Concord within 1 month from the Put Option Notice ("**Due Diligence Period**"). Creed shall no later than seven (7) days after the expiry of the Due Diligence Period give written notice ("**Creed's Notice**") to Sunsuria (being the sole shareholder of Concord) as to whether it accepts or is dissatisfied with the results of such due diligence exercise. If Creed's Notice is not received by Sunsuria by the expiry of the said 7 days' period after the Due Diligence Period, Creed shall be deemed to be satisfied with the outcome of the due diligence exercise and the Condition shall be deemed to be fulfilled;
- (iii) If Creed is dissatisfied with the results of the due diligence, it shall in Creed's Notice, make specific reference to or highlight the matter(s) pertaining to the due diligence that it claims to be unsatisfactory. Sunsuria shall be entitled to remedy (if remediable) any matter as may be highlighted by Creed in Creed's Notice to Creed's satisfaction within a period of fourteen (14) days from the date of Creed's Notice. As soon as practicable after the end of such remedy period, Creed shall notify Sunsuria in writing as to whether or not the matter highlighted in Creed's Notice has been remedied to Creed's satisfaction;
- (iv) It is agreed by the parties that the matters highlighted by Creed to Sunsuria in the Creed's Notice which have been accepted in writing by Creed or which have been remedied to Creed's satisfaction as indicated by Creed in writing, shall be deemed sufficient satisfaction of the Condition. If Creed notifies Sunsuria that the matter highlighted in Creed's Notice has not been remedied to Creed's satisfaction, then the Condition is deemed not to have been fulfilled;
- (v) The parties shall execute a formal sale and purchase agreement for the Sale Shares ("**Shares SPA**") within one month from the fulfilment of the Condition;
- (vi) If for any reason whatsoever not caused by any action, inaction, omission or delay by Creed or its authorised representatives, the Condition cannot be fulfilled within the Condition Period or during the extended period contemplated in Para 2.1(iii) above or if for any reason whatsoever, the Shares SPA is not signed by Creed and Sunsuria within whichever is the later of 2 months from the fulfilment of the Condition or 4 months from the date of the Put Option Notice, then the Parties shall revert to the original arrangement set out in Para 1(a) above;

Concord shall bear all of Creed's costs incurred in respect of the due diligence exercise (regardless whether the Shares SPA is signed or not);

- (vii) If the Shares SPA is signed, the parties shall each bear their own costs incurred in the negotiations and preparation of the Shares SPA and any relevant documentation for the transfer of the Sale Shares to Creed;
- (viii) If the Shares SPA is not signed although the parties had commenced negotiations and/or preparation of the draft Shares SPA, then the legal costs (including Creed's solicitors' fees) incurred for the negotiations and/or preparation of the draft Shares SPA shall be borne by Concord.

## **2.2 Basis of arriving at the Sale Shares Consideration**

The Sale Shares Consideration of RM39.94 million is based on the terms of the Shareholders' Agreement, representing a purchase price per CI Medini Shares of RM152.17, which is equal to the Creed's acquisition cost per CI Medini Shares.

## **2.3 Utilisation of proceeds from the Exercise of Put Option**

The total cash proceed of RM55.44 million arising from the Exercise of Put Option comprising the Sale Shares Consideration and Repayment of Amount Owing together with any Dividend Payment, shall be utilised for working capital of the Sunsuria Group within the financial year ending 30 September 2016 and 2017.

## **2.4 Liabilities to be assumed by Creed**

Save for the liabilities comprised in Concord and CI Medini, there is no liability, including any contingent liability and guarantee, to be assumed by Creed pursuant to the Exercise of Put Option.

## **3. RATIONALE**

The Exercise of Put Option enables Sunsuria Group to unlock its investments in CI Medini and exit from the slowing down property market in Johor region, and consolidate all its resources to focus on the Group's property development projects in the Klang Valley including Shah Alam and Salak Tinggi. In addition, the Exercise of Put Option allows Sunsuria Group to monetise cash proceed of RM55.44 million for working capital of the Group's property development activities.

## **4. RISK FACTOR**

### **4.1 Non-completion of the Exercise of Put Option**

There is a possibility that the Exercise of Put Option may not be completed due to failure in fulfilling the Condition as set out in section 2.1 above.

Nevertheless, the Company will make every effort to ensure that the Condition is met and fulfilled within the prescribed timeframe in order to complete the Exercise of Put Option in a timely manner.

## **5. EFFECTS OF THE EXERCISE OF PUT OPTION**

### **5.1 Share capital and substantial shareholders' shareholding**

The Exercise of Put Option does not have any effect on the share capital and the substantial shareholders' shareholdings of Sunsuria.

### **5.2 Earnings and earnings per share**

The Exercise of Put Option is expected to be no gain no loss and will not have any material effect on the Group's earnings and earnings per share.

**5.3 Net assets per share and gearing**

The Exercise of Put Option will not have any material effect on the Group's net assets per share and gearing.

**6. HIGHEST PERCENTAGE RATIO**

The highest aggregated percentage ratio applicable to the disposal of the Sale Shares is 13.77% pursuant to Paragraph 10.12(2)(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, calculated based on the latest audited financial statements of Sunsuria Group for the financial period ended 30 September 2015.

**7. APPROVALS REQUIRED**

The Exercise of Put Option is not subject to the approval of the shareholders of Sunsuria.

**8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED**

None of the directors and/or major shareholders of the Group and/or persons connected to them have any interest, direct or indirect, in the Exercise of Put Option.

**9. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Exercise of Put Option, is of the opinion that the Exercise of Put Option is in the best interest of the Group.

**10. ADVISER**

Astramina Advisory Sdn Bhd is the appointed Financial Adviser for Sunsuria for the Exercise of Put Option.

**11. TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Exercise of Put Option is expected to be completed by the third (3<sup>rd</sup>) quarter of the calendar year 2016.

**12. DOCUMENTS FOR INSPECTION**

The Shareholders' Agreement and Put Option Notice is available for inspection by the shareholders of Sunsuria at the registered office of Sunsuria at Level 8 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 12 April 2016.

## INFORMATION ON CI MEDINI, CONCORD, SNSB AND CREED

## 1. INFORMATION ON CI MEDINI

CI Medini was incorporated as a private limited company on 3 August 2009 in Malaysia under the Companies Act, 1965 ("Act"). As at the date of this announcement, the authorised share capital of CI Medini is RM5,000,000 comprising 5,000,000 CI Medini Shares, of which RM1,312,500 comprising 1,312,500 CI Medini Shares have been issued and fully paid-up. Based on the audited financial statements of CI Medini for the financial year ended 31 December 2014, the net loss of CI Medini was RM7.44 million and its capital deficiency amounted to RM6.48 million.

As at the date of this announcement, CI Medini is an associate company of Sunsuria Group. CI Medini is principally engaged in property development and property investment. CI Medini is the developer of the on-going mixed development project known as "CI Medini" located at Medini, Johor ("**Project**"). A summary of the salient information on the Project is as follows:

Location of the land	1) Plot C7, HSD 535602, Lot PTD 199644; 2) Plot C8, HSD 546582, Lot PTD 200286; 3) Plot C9, HSD 546581, Lot PTD 200285; 4) Plot C10, HSD 546580, Lot PTD 200284; 5) Plot C11, HSD 546583, Lot PTD 200287; 6) Plot C12, HSD 546584, Lot PTD 200288; 7) Plot C15, HSD 559035, Lot PTD 201440; 8) Plot C16, HSD 559036, Lot PTD 201441; 9) Plot C17, HSD 559037, Lot PTD 201442; 10) Plot C18, HSD 559038, Lot PTD 201443; 11) Plot C19, HSD 559039, Lot PTD 201444; 12) Plot C20, HSD 559040, Lot PTD 201445; 13) Plot C21 & C22, HSD 559043, Lot PTD 201448; 14) Plot C23, HSD 559042, Lot PTD 201447; and 15) Plot C24, HSD 559041, Lot PTD 201446, all within Mukim of Pulai, District of Johor Bahru, Johor.
Description of the land	Seven (7) parcels of commercial land, three (3) parcels of serviced apartment land and five (5) parcels of office/warehouse land.
Registered owner	Iskandar Investment Berhad
Beneficial owner	CI Medini is the lessee
Encumbrances	<u>PTD 199644</u> Vide Presentation No. 55410/2014 Charge on Lease to Bank of China (Malaysia) Berhad registered on 6 July 2014.  <u>PTD 201440, PTD 201448, PTD 201447 and PTD 201446</u> Vide Presentation No. 9281/2016, 9288/2016, 9283/2016 and 9274/2016 respectively Charge on Lease to Bank of China (Malaysia) Berhad registered on 18 February 2016.  <u>Remaining Lots</u> Nil
Tenure of land	Leasehold for 99 years expiring on 27 May 2113. The tenure of the parent lot is freehold.
Net book value	RM132.74 million as at 31 December 2014
Size of land	82.77 acres
Existing usage	On-going development

Types of development	Mixed development comprising of on-going mixed commercial industrial development for Plot C15, C23 and C24. Details of the mixed development for the remaining plots of land has yet to be determined and shall be finalised at a later stage.
Estimated gross development value	RM4.46 billion
Total estimated development cost	Approximately RM0.18 billion for Plots C15, C23 and C24 to be funded via internally-generated funds. Total estimated development cost for the remaining plots of land has yet to be determined and shall be finalised at a later stage.
Buildings erected	On-going mixed commercial industrial development on Plot C15, C23 and C24
Expected development period	8 years
Commencement date	2014
Expected completion date	2022
Percentage of completion	Plot C15 – 61.4% Plot C23 – 43.5% Plot C24 – 42.8%
Status of relevant approvals obtained/ date obtained	Planning approval was obtained on 2 July 2014 for Plot C15 and Plot C23 whereas for Plot C24 was obtained on 29 January 2015 and for Plot C21 and C22 was obtained on 27 January 2016. Building plan approval for Plot C15 and Plot C24 was obtained on 26 March 2015 whereas for Plot C23 was obtained on 31 March 2015.
Category of land use (as per land title)	Building (for Plot C7 to C12) and Industrial (for Plot C15 to C24).
Express condition (as per land title)	<p><u>Building (for Plot C7 to C9),</u> “i. Tanah ini hendaklah digunakan untuk Bangunan Bertingkat bagi tujuan Komersil, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan. ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.”</p> <p><u>Building (for Plot C10 to C12),</u> “i. Tanah ini hendaklah digunakan sebagai bangunan bertingkat untuk tujuan Service Apartment dibina mengikut pelan yang diluluskan oleh Pihak BerkuasaTempatan yang berkenaan. ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.”</p> <p><u>Office/Warehouse (for Plot C15 to C24)</u> “i. Tanah ini hendaklah digunakan untuk Pejabat/Gudang, dibina mengikut pelan yang diluluskan oleh Pihak BerkuasaTempatan yang berkenaan. ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan. iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.”</p>

The original cost of investment and current carrying amount of investment for the Sale Shares are as follows:

	Original cost of investment made on 12 June 2015 (RM million)	Carrying amount of investment as at the date of this announcement (RM million)
Concord Sale Shares	53.12	40.97
CI Medini Sale Shares	1.85	1.85
Total	54.97	42.82

## 2. INFORMATION ON CONCORD

Concord was incorporated as a private limited company on 31 August 2007 in Malaysia under the Act. As at the date of this announcement, the authorised share capital of Concord is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM2 comprising 2 ordinary shares of RM1.00 each have been issued and fully paid-up. Based on the audited financial statements of Concord for the financial period ended 30 September 2015, the net profit of Concord was RM2.03 million and its net assets amounted to RM0.27 million.

As at the date of this announcement, Concord is a wholly-owned subsidiary of Sunsuria. Concord is principally an investment holding company.

## 3. INFORMATION ON SNSB

SNSB was incorporated as a private limited company on 22 October 2015 in Malaysia under the Act. As at the date of this announcement, the authorised share capital of SNSB is RM10,000,000 comprising 9,000,000 ordinary shares of RM1.00 each and 100,000,000 redeemable non-convertible non-cumulative preference shares of RM0.01 each, of which RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at the date of this announcement, SNSB is a wholly-owned subsidiary of Sunsuria. SNSB is principally engaged in investment holding and property investment.

## 4. INFORMATION ON CREED

Creed was incorporated as a private limited company on 26 September 2014 in Singapore under Accounting and Corporate Regulatory Authority Act. As at the date of this announcement, the issued and paid-up share capital of Creed is USD500,000 comprising 500,000 ordinary shares of USD1.00 each.

Creed is principally engaged in investment holding and business and management consultancy services.