

Type : **General Announcement**
Subject : **Others**
Description : **Sunsuria Berhad (“Sunsuria” or “Company”) – Proposed Joint Venture between Sunsuria City Amenities Sdn Bhd and Tan Hong Thai**

1. INTRODUCTION

The Board of Directors of Sunsuria (“**Board**”) wishes to announce that its 85%-owned indirect subsidiary, Sunsuria City Amenities Sdn Bhd (“**SCASB**”) had on 19 April 2019 entered into a Shares Subscription and Shareholders’ Agreement (“**Agreement**”) with Tan Hong Thai (“**THT**”) and Cloudcubes Sdn Bhd (“**CSB**”), which in turn is a wholly-owned subsidiary of SCASB, for SCASB and THT to acquire interest by way of subscription of shares in CSB, the identified joint venture vehicle, and to regulate their relationship as shareholders in CSB, which shall carry out food and beverages business activities (“**Business**”) (“**Proposed Joint Venture**”).

2. PROPOSED JOINT VENTURE

2.1 Information on SCASB, CSB and THT

SCASB

SCASB is a private limited company incorporated in Malaysia on 2 June 2016 under the Companies Act, 2016. As at the date of this announcement, the issued share capital of SCASB is ten thousand (10,000) ordinary shares. The principal business activity of SCASB is proprietors of restaurants, and operations and management of food and beverage businesses.

As at the date of this announcement, the shareholders of SCASB and their corresponding shareholdings are as follows:

Shareholders	Number of shares held in SCASB	Shareholding
Sunsuria Arena Sdn Bhd	8,500	85%
Deluxe Indulgence Sdn Bhd	1,000	10%
Yap Soon Han	500	5%
TOTAL	10,000	100%

CSB

CSB is a private limited company incorporated in Malaysia on 2 January 2018 under the Companies Act, 2016. As at the date of this announcement, the issued share capital of CSB is one (1) ordinary share, which are entirely held by SCASB. The principal business activity of CSB is operations and management of food and beverage businesses, and proprietor of restaurants.

THT

Mr. Tan Hong Thai, age 32, is a Malaysian with several years of work experience as a Food and Beverage Manager.

2.2 Salient terms of the SSSHA

- (i) The objectives of the proposed joint venture is for CSB to undertake food and beverages activities that are similar to, complementary to, or ancillary to, the foregoing, and such other businesses as may be agreed by the shareholders.
- (ii) Subject to the terms and conditions of the Agreement, CSB shall offer to SCASB and THT to subscribe for such number of ordinary shares in CSB so that the Parties'

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shareholding in the Company shall at all times be held in the following proportions (“Agreed Proportions”):

Shareholders	Number of shares	Percentage of shareholding in the JVCO
SCASB	8,000	80%
THT	2,000	20%
TOTAL	10,000	100%

(iii) Unless the Parties otherwise unanimously agree in writing and save as provided for in the Agreement, the Parties agree to exercise their voting rights to ensure that at all times:

- any new shares in CSB shall only be allotted to the existing shareholders in the Agreed Proportions; and
- no shares in CSB shall be allotted or issued nor options over shares nor any types of securities convertible into shares in CSB shall be granted to any person whether or not a shareholder.

(iv) The financial requirements of CSB shall be met in either of the following manner based on the recommendation to be approved by the board of directors of CSB:

- borrowings from third parties (including banks and financial institutions) secured by assets and properties of CSB; or
- by way of shareholder's advance in the Agreed Proportions; or
- the issuance of preference shares by CSB and subscribed by the shareholders in the Agreed Proportions.

If a guarantee is required to be given by the shareholders in relation to any financial assistance required, then the liability of the shareholders arising from any guarantee shall be several (and not joint) and in accordance with their respective equity shareholdings in CSB.

(v) THT shall ensure and procure that himself or such other director, who shall be appointed by THT from time to time, shall in addition to such duties and tasks as determined by the Board under the Agreement be responsible in, inter alia, the following:

- Assisting the Company or its subsidiaries in respect of set up, management, development and operation of the Company's business;
- Identifying and procuring adequate human resources including restaurants staffs and chefs in respect of the operation of the Company's business; and
- Facilitating the Company's application for any necessary licenses, permits and approvals which is required for the operation of the Company's business.

THT or such other director appointed by him shall inter alia, be competent and contain the necessary skills, experience and technical know-how in undertaking the required roles and responsibilities specified under the Agreement.

(vi) The Agreement may be terminated upon occurrence of the following events:

- the shareholders agree in writing to terminate the Agreement; or
- all of the ordinary shares of CSB become beneficially owned by any one shareholder; or

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- CSB goes into liquidation whether voluntary or compulsory (other than for the purpose of an amalgamation or reconstruction approved by all the Shareholders).

2.3 Source of funding

SCASB shall fully subscribe for such shares in CSB based on the Agreed Proportions in cash through internally generated funds.

3. RATIONALE

The Proposed Joint Venture is part of Sunsuria Group's pursuit to enhance the value and vibrancy of its projects and to enable Sunsuria to leverage on THT's track record, experience and technical know-how in setting, managing, developing and operating the food and beverages businesses.

4. RISK FACTORS

Pursuant to the Proposed Joint Venture, Sunsuria Group's performance will be exposed to certain risks inherent to the food and beverages activities which include, amongst others, economic downturn globally and regionally, occurrence of force majeure events including but not limited to decrees or restraints by governmental authorities, acts of God, strikes, war, riot, civil unrest and any other causes of such nature.

Nevertheless, Sunsuria Group will seek to mitigate these risks through, amongst others, by venturing onto the food and beverages business via a joint venture with partners who are recognized for its established management track records to diligently monitoring the trends, issues, problems and industry practices that arises as well as careful planning and proactive and close overseeing the operations of the food and beverages business.

5. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

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

The Proposed Joint Venture is not expected to have any material effect on the earnings, earnings per share, net assets and gearing of Sunsuria Group for the financial year ending 30 September 2019, but is expected to contribute positively to the future earnings of Sunsuria Group.

6. APPROVALS REQUIRED

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

7. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the subscription of shares in CSB by the Parties based on the Agreed Proportions is expected to be completed by the third quarter of financial year ending 30 September 2019.

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8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Paragraph 10.02(g) of the Listing Requirements is 0.001%.

9. DIRECTORS’ STATEMENT

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

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

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

11. DOCUMENTS FOR INSPECTION

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

This announcement is dated 19 April 2019.