

Type : **General Announcement**
Subject : **Others**
Description : **Sunsuria Berhad (“Sunsuria” or “Company”) – Proposed Joint Venture between Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd), a wholly owned subsidiary of Sunsuria, and Citicc International Investment Ltd**

1. INTRODUCTION

The Board of Directors of Sunsuria (“Board”) wishes to announce that its wholly owned subsidiary, Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd) (“SBSB”) had on 28 June 2017 entered into a Shareholders’ Agreement (“SHA”) with Citicc International Investment Ltd (“CITIC”) to establish a private company in Malaysia which will be incorporated under the laws of Malaysia (“JV Co”), as the vehicle through which SBSB and CITIC shall undertake and carry out the business of construction work, property development and related activities in Malaysia (“Business”) (“Proposed Joint Venture”).

2. PROPOSED JOINT VENTURE

2.1 Information on SBSB and CITIC

SBSB

SBSB is a private limited company incorporated in Malaysia on 7 March 2017 under the Companies Act, 2016. As at the date of this announcement, the issued share capital of SBSB is RM1.00 comprising 1 ordinary share. SBSB is a wholly owned subsidiary of Sunsuria. The proposed business activity of SBSB is investment holding and construction.

CITIC

CITIC is a company incorporated under the law of Hong Kong, Special Administrative Region of China and is a wholly owned subsidiary of CITIC Construction Co Ltd (“CITIC Construction”), which in turn is a tier one wholly owned subsidiary of CITIC Limited. CITIC Construction is a renowned world class comprehensive engineering service provider with a reputation for their expertise in international engineering and contracting. It has the expertise and technical know-how in construction, engineering, consultancy and general contracting of building projects. The registered office of CITIC is at Room 3110, 31/F China Merchants Tower Shun Tak Ctr, 186-200 Cannaught Road Central, Hong Kong. As at the date of this announcement, the paid-up share capital of CITIC is USD101,087,000 comprising of 100% ordinary shares.

2.2 Salient terms of the SHA

- (a) SBSB and CITIC (collectively, the “Parties”) agreed that their arrangement and relationship under the SHA is exclusive to each other throughout the term of the SHA whereby:
- (i) CITIC shall not whether on its own or jointly with any third party or through any other company under its ownership or control, its holding company or any of its counterparts within CITIC Construction and its subsidiaries, enter into any other negotiations with any third party which relates to Construction Works (as defined in the SHA) in Malaysia; and
 - (ii) SBSB shall not whether on its own or jointly with any third party through any other company under its ownership or control, its holding company or any of its counterparts, enter into any other negotiations with any third party which relates to Construction Works in Malaysia (excluding construction works arising from any businesses and undertakings carried out or undertaken by Sunsuria and its subsidiaries (“Sunsuria Group” or “Group”) save and except for an existing joint venture arrangement between Sunsuria and Spanway Construction Sdn Bhd .

Type : **General Announcement**
Subject : **Others**
Description : **Sunsuria Berhad (“Sunsuria” or “Company”) – Proposed Joint Venture between Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd), a wholly owned subsidiary of Sunsuria, and Citicc International Investment Ltd**

(b) As soon as practicable after the execution of the SHA, the Parties shall procure the JV Co to allot 1,000,000 shares at an issue price of RM1.00 per share and each of the party shall subscribe to such amount of shares so that the shareholders' shareholdings in the JV Co shall be in the following proportions (the “Agreed Proportions”):

Party	Number of Shares	Shareholding Interest	Shareholding Value (RM)
CITIC	510,000	51%	510,000
SBSB	490,000	49%	490,000
Total	1,000,000	100%	1,000,000

(c) Subject to the provisions of the SHA, the Parties shall at all times hold the shares in the Agreed Proportions, unless otherwise agreed in writing between the Parties.

(d) CITIC shall –

- for and on behalf of the JV Co, assist the JV Co in obtaining financing required for undertaking the construction projects of the JV Co in accordance with the SHA; and
- utilise its technology, equipment, talent, capital and management resources in implementing the project's engineering, procurement and construction (EPC) work; and
- at the request of SBSB or the JV Co, provide all reasonable assistance and doing all such acts and things reasonably necessary to facilitate the operation of the Business.

(e) SBSB shall –

- assist the JV Co in liaising with the relevant authorities and other parties from time to time, to procure all the requisite approvals, permits, certificates and/or licences required for the implementation and carrying out of the construction projects for the Business;
- assist in sourcing relevant project opportunities in Malaysia, including but not limited to Malaysian Government's projects;
- assist the JV Co in liaising with the relevant contracting parties in relation to requisite collaterals where required, for all construction projects secured by the JV Co in order to assist CITIC in procuring the necessary funding for the JV Co; and
- at the request of CITIC or the JV Co, provide all reasonable assistance and doing all such acts and things reasonably necessary to facilitate the operation of the Business.

(f) The Parties acknowledge and agree that the JV Co shall not undertake or commence any Construction Work or related activities until and unless Sunsuria, being the holding company of SBSB has obtained the approval of its shareholders for the proposed diversification of Sunsuria Group's business to include property construction and related businesses, which is to be obtained within six (6) months from the date of the SHA or such further extension as the Parties may mutually agree upon.

Type : **General Announcement**
Subject : **Others**
Description : **Sunsuria Berhad (“Sunsuria” or “Company”) – Proposed Joint Venture between Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd), a wholly owned subsidiary of Sunsuria, and Citicc International Investment Ltd**

3. SOURCE OF FUNDING

SBSB shall fully subscribe for such shares in the JV Co based on the Agreed Proportions in cash through internally generated funds.

4. RATIONALE

The Proposed Joint Venture is part of Sunsuria Group's pursuit for greater business expansion and sound financial growth. CITIC Construction, a Chinese state-owned conglomerate, is one of the 100 largest construction companies in the world and ranked among the Fortune Global 500 companies since 2009.

The Proposed Joint Venture enables Sunsuria to leverage on CITIC Construction's proven track record, engineering expertise, technical sophistication, resources and strong financial funding in executing large-scale projects to be undertaken in Malaysia while Sunsuria with its experience and familiarity with the local operating requirements and environment will provide the strategic and synergistic support in identifying business opportunities and winning over projects.

5. RISK FACTORS

Pursuant to the Proposed Joint Venture, Sunsuria Group's performance will be exposed to certain risks inherent to the construction business which include, amongst others, economic downturn globally and regionally, occurrence of force majeure events such as adverse weather conditions and natural disaster, dependency on operating licences, permits and approvals, availability and cost fluctuations of building materials and labour and changes in the regulatory framework within the construction industry.

Nevertheless, Sunsuria Group will seek to mitigate these risks through, amongst others, by venturing onto the construction activity via a joint venture with a partner who is recognized internationally for its extensive and established engineering contractor-ship track records to diligently monitoring the performance and changes within the Malaysian construction industry as well as careful planning and proactive and close monitoring of the operations and performance of the construction businesses.

6. 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 2017, but is expected to contribute positively to the future earnings of Sunsuria Group.

7. APPROVALS REQUIRED

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

However, in line with Paragraph 10.13 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“Listing Requirements”), Sunsuria will seek the approval of its shareholders for the diversification of the business of Sunsuria Group to include construction and related businesses within six (6) months from the date of the SHA or once the Company expects the construction and related businesses to potentially

Type : **General Announcement**
Subject : **Others**
Description : **Sunsuria Berhad (“Sunsuria” or “Company”) – Proposed Joint Venture between Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd), a wholly owned subsidiary of Sunsuria, and Citicc International Investment Ltd**

contribute at least 25% to the net profits of Sunsuria Group and/or diversion of 25% or more of the net assets of Sunsuria Group to the construction and related businesses, whichever is earlier.

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the subscription of shares in the JV Co by the Parties based on the Agreed Proportions is expected to be completed on or before 27 December 2017.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Joint Venture pursuant to Paragraph 10.02(g) of the Listing Requirements is 0.072%.

10. 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.

11. 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.

12. DOCUMENTS FOR INSPECTION

The SHA are 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 28 June 2017.