

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

EXECUTION OF HEADS OF AGREEMENT BETWEEN SUNSURIA AND SUNSURIA DEVELOPMENT SDN BHD, RENTAK NUSANTARA SDN BHD AND STRATA JOHAN SDN BHD

1. INTRODUCTION

On behalf of the Board of Directors of Sunsuria (“**Board**”), AmlInvestment Bank Berhad (“**AmlInvestment Bank**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) and Astramina Advisory Sdn Bhd (“**Astramina**”) wish to announce that the Company had on 19 May 2014, entered into a Heads of Agreement (“**HOA**”) with the companies related to its Executive Chairman and substantial shareholder, Datuk Ter Leong Yap, namely Sunsuria Development Sdn Bhd (“**SDSB**”), Rentak Nusantara Sdn Bhd (“**RNSB**”) and Strata Johan Sdn Bhd (“**SJSB**”) (collectively referred to as the “**Vendors**”) to explore and negotiate with the respective Vendors in relation to the following assets / projects:-

- (i) 100% equity interest in Sunsuria Gateway Sdn Bhd (“**SGSB**”) held by SDSB;
- (ii) 100% equity interest in Sunsuria South Sdn Bhd (“**SSSB**”) held by SDSB;
- (iii) 51% equity interest in Oscar Cheers Sdn Bhd (“**OCSB**”) held by SDSB;
- (iv) 30% equity interest in OCSB held by SJSB; and

(items (i) to (iv) are collectively referred to as the “**Proposed Shares Acquisitions**” and SGSB, SSSB and OCSB are collectively referred to as the “**Identified Companies**”)

- (v) an ongoing residential development project comprising 49 units of bungalow lots together with infrastructure (“**Suria Hills 2B**” or “**Identified Project**”) (“**Proposed Project Acquisition**”).

(The Proposed Project Acquisition and the Proposed Shares Acquisition are collectively known as the “**Proposed Acquisitions**”)

Brief information on the Identified Project and the Identified Companies are set out in Appendix I and Appendix II respectively.

The purchase considerations for the Identified Project and Identified Companies have yet to be determined at this juncture.

The purchase consideration for the Identified Project is subject to valuations being undertaken by independent land/project valuer, namely CH Williams Talhar & Wong Sdn Bhd to determine the market value of the Identified Project as well as further negotiations between the parties.

The purchase consideration for the Identified Companies will take into consideration, *inter alia*, the shares valuations of the Identified Companies being undertaken by independent share valuer, namely Ernst & Young (“**Shares Valuation**”), outstanding unpaid land purchase consideration (if any), the market value of the subject lands, as well as the required deferred tax allocation in compliance with accounting standards. The Shares Valuation will take into consideration, *inter alia*, the estimated gross development value (“**GDV**”) of the development projects held by the respective Identified Companies and their subsidiaries/jointly controlled entities as set out in Appendix II.

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Sunsuria and its subsidiaries ("**Sunsuria Group**" or the "**Group**") intend to finance the Proposed Acquisitions via the following:-

- (a) renounceable rights issue of up to 475,084,416 new ordinary shares of RM0.50 each in Sunsuria ("**Sunsuria Shares**") ("**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 free detachable warrants ("**Warrants**") on the basis of one (1) free Warrant for every three (3) Rights Shares subscribed for ("**Rights Issue With Warrants**");
- (b) 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 ("**Private Placement**"); and/or
- (c) borrowings; and/or
- (d) internally generated funds.

The Rights Issue With Warrants and Private Placement were announced by the Company on 28 March 2014 and approved by the shareholders on 12 May 2014.

2. DETAILS OF THE HOA

The HOA records the principles of agreement which have been agreed upon between the parties, which shall form the basis for further negotiations for the parties to agree upon the relevant sale and purchase considerations and other definitive terms in respect of the Proposed Acquisitions to be set out in definitive share purchase agreement(s) in respect of the Proposed Shares Acquisitions and a definitive project purchase agreement in respect of the Proposed Project Acquisition to be entered into between Sunsuria and the relevant Vendors in due course (collectively, the "**Definitive Agreements**").

2.1 Salient Terms of the HOA

2.1.1 Non inter-conditionality

The Proposed Shares Acquisitions and Proposed Project Acquisition shall not be conditional upon one another and accordingly, the Proposed Shares Acquisitions of any or all of the Identified Companies and the Proposed Project Acquisition may be undertaken and completed separately and independently in such manner as may be mutually agreed upon by the parties.

2.1.2 Execution of Definitive Agreements and exclusivity period

- (i) Sunsuria and the relevant Vendors shall use their best endeavours and efforts to negotiate in good faith and execute the Definitive Agreements, together with such other agreements as Sunsuria and the Vendors may agree upon pursuant to the further advice of their respective legal counsels, within 30 days following the date of the HOA or such other period as Sunsuria and the Vendors may mutually agree upon.
- (ii) Sunsuria and the Vendors agree, covenant and undertake that they will not, and will ensure that their related corporations will not, directly or indirectly, initiate, solicit or entertain any discussion, negotiation, agreement or arrangement or otherwise deal in any way with any other person other than the other party in connection with the Proposed Acquisitions or any part thereof at any time within an exclusivity period of 30 days from the date of the HOA or such other period as Sunsuria and the Vendors may mutually agree upon.

2.1.3 Conditions precedent

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

- (i) the approval of the shareholders of Sunsuria at an Extraordinary General Meeting to be convened;
- (ii) the approval or consent of financiers/creditors of the Identified Companies pursuant to the Proposed Acquisitions, if required;
- (iii) the 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/or RNSB in respect of the Identified Project;
- (iv) the Company being satisfied with the results of the due diligence exercise to be carried out for the purpose of examination and verification of the financial and other affairs of the Identified Companies and the Identified Project;
- (v) notice(s) being delivered by RNSB to all the end-purchaser(s) and copied to Sunsuria notifying them of the sale and purchase of the Identified Project together with acknowledgements of receipt of the same, having been delivered to Sunsuria;
- (vi) the consent from the other shareholders of OCSB to allow SDSB and SJSB to divest their respective shares held in OCSB;
- (vii) the approval or consent of any other relevant authorities and/or parties, if required; and
- (viii) such other conditions precedent as shall be mutually agreed upon by the parties and stipulated in the relevant Definitive Agreements.

A detailed announcement on the Proposed Acquisitions will be made upon the finalisation of the terms and conditions of the Proposed Acquisitions and the execution of the Definitive Agreements.

This Announcement is dated 19 May 2014.

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INFORMATION ON THE IDENTIFIED PROJECT

1 INFORMATION ON IDENTIFIED PROJECT

Location of land	Geran H.S.(D) 264222 - 264236, Lot PT 26162 - 26176, Mukim of Bukit Raja, District of Petaling, Selangor
Tenure of land	Freehold
Size (acres)	7.17
Types of development*	49 parcels of bungalow plot
Estimated GDV (RM'million)*	81
Category of use	Residential

Notes:-

*- Based on the development order approved by Majlis Bandaraya Shah Alam dated 29 April 2013.

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APPENDIX II

BRIEF INFORMATION ON THE IDENTIFIED COMPANIES

Identified Companies	Place of incorporation	Principal activities	Vendors			Projects held by the Identified Companies and their subsidiaries/jointly controlled entities	Effective interest to be held by Sunsuria in the projects	Identification of development land
				No. of Shares held by the Vendors in the Identified Companies	%			
SGSB	Malaysia	Investment holding	SDSB	2	100	XMU Township Development (a proposed mixed development sits on about 300 acres of land located in Salak Tinggi, Selangor surrounding the Xiamen University campus, with estimated GDV of RM4.5 billion)	50% via SDSDSB	1) Geran 49973, Lot 6919 & 4960 and Geran 48715, Lot 4640, Mukim of Kajang, District of Ulu Langat, Negeri Selangor 2) Geran 271018, Lot 7718, Geran 122099, Lot 20996, Geran 273723, Lot 31484, and Geran 27613, Lot 4639 & 4705, Mukim of Dengkil, District of Sepang, Selangor
SSSB	Malaysia	Investment holding	SDSB	2	100	Medini Development (a proposed mixed development sits on about 82.7 acres of land located within Zone C of Medini Iskandar Malaysia, Johor, with estimated GDV of RM4.5 billion)	75% via SMSB	Plots C7 to C12 and C15 to C24 of Zone C of Geran H.S. (D) 505993, Lot PTD 183273, Mukim of Pulai, District of Johor Bahru, Johor
OCSB	Malaysia	Investment holding*	SDSB	52,020	50	7 th Avenue 2 Development (a proposed mixed development sits on about 13.6 acres of land located in Setia Alam, Selangor, with estimated GDV of RM1.1 billion)	Collectively 81%	H.S(D) 268650, P.T. 27890, Mukim of Bukit Raja, District of Petaling, Selangor
			SJSB	30,600	31			

Notes:-

*- The Company is in the midst of changing its principal activities from investment holding to investment holding and property development.