

SUNSURIA BERHAD (“SUNSURIA” OR “COMPANY”)

PROPOSED JOINT VENTURE BETWEEN SUNSURIA CITY SDN BHD (“SCSB”), SUNSURIA GATEWAY SDN BHD (“SGSB”) AND ORIDE (M) SDN BHD (“ORIDE”) VIA SUNSURIA ORIDE SDN BHD FOR THE PROPOSED JOINT VENTURE BUSINESS

1. INTRODUCTION

The Board of Directors of Sunsuria (“Board”) wishes to announce that its 99.99%-owned indirect subsidiary, Sunsuria City Sdn Bhd (“SCSB”), and its 99.99%-owned direct subsidiary, Sunsuria Gateway Sdn Bhd (“SGSB”), had on 18 August 2016 entered into a Joint Venture and Shareholders Agreement (“JVA”) with Oride (M) Sdn Bhd (“Oride”), to set-up, operate and manage a public bicycle renting services and its related businesses in the freehold lands in Mukim Dengkil, District of Sepang, State of Selangor, Malaysia with total area measuring approximately 375 acres owned by SCSB (“Sunsuria City”) in promoting the Smart, Livable and Sustainable concept in the development and such other business activities as may be approved from time to time in accordance with the JVA, under a joint venture company called “Sunsuria Oride Sdn Bhd” (“JVCO”).

2. INFORMATION ON SCSB, SGSB AND JVCO

2.1 SCSB

SCSB is a private limited company incorporated in Malaysia on 6 June 2013 under the Companies Act, 1965 (“Act”). As at the date of this announcement, the authorised share capital of SCSB is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

SCSB is a 99.99%-owned subsidiary of Sunsuria through its wholly-owned subsidiary, Sunsuria Symphony Sdn. Bhd. (formerly known as Havana Symphony Sdn Bhd) (which holds a 50% direct interest in SCSB) and its 99.99%-owned subsidiary, SGSB (which holds a 50% direct interest in SCSB). SCSB is principally engaged in property development.

2.2 SGSB

SGSB is a private limited company incorporated in Malaysia on 23 April 2013 under the Act. As at the date of this announcement, the authorised share capital of SGSB is RM5,000,000 comprising 2,240,000 ordinary shares of RM1.00 each and 276,000,000 redeemable preference shares of RM0.01 each, of which RM3,370,002 comprising 1,000,002 ordinary shares of RM1.00 each and 237,000,000 redeemable preference shares of RM0.01 each have been issued and fully paid-up.

SGSB is a 99.99%-owned subsidiary of Sunsuria and is principally engaged in investment holding.

2.3 Oride

Oride is a private limited company incorporated in Malaysia on 14 January 2015 under the Act. As at the date of this announcement, the authorised share capital of Oride is RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which RM50,000 comprising 50,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The principal activity of Oride is to promote, trade, design and assemble public bike-sharing system, electric bicycles and related electric commuters.

The Directors of Oride are Phuar Yong Her, Chow Woei Fatt, Wong Yoong Chieng and Yaw Soon Yeon. The shareholders of Oride and their corresponding shareholdings are as follows:

Shareholders	Number of shares	% of shareholding
Phuar Yong Her	12,500	25%
Chow Woei Fatt	7,500	15%
Wong Yoong Chieng	16,000	32%
Yaw Soon Yeon	14,000	28%
TOTAL	50,000	100%

2.4 (“JVCO”)

The JVCO was incorporated on 2 June 2016 as a private limited company and having its registered office address at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. It is principally involved in investment holding. Its authorised share capital is presently RM400,000 divided into 400,000 ordinary shares of RM1.00 each and its issued and paid-up capital is RM2.00. Currently, SCSB and SGSB are holding 1 share of RM1.00 each in the JVCO respectively.

3. SALIENT TERMS OF THE JVA

- (i) Following the signing of the JVA, the JVCO will have an authorised share capital of RM500,000.00 divided into ordinary shares of RM1.00 each of which comprising of an initial issued and paid up capital of Ringgit Malaysia One Hundred Thousand (RM100,000) only (hereinafter referred to as “**the Initial Paid-Up shares**”). SCSB, SGSB and Oride (collectively “**the Parties**”) shall hold the Initial Paid-Up shares in the following proportions (“Agreed Proportions”):

Parties	Agreed Proportions
SCSB	65%
SGSB	5%
Oride	30%

- (ii) The share capital of the JVCO in respect of all classes of shares shall at all times be held by the Parties in the Agreed Proportions.

- (iii) Immediately following the date of execution of the JVA, the Board of Directors shall prepare a proposal (“Initial Proposal”) detailing the JV Business and the estimated capital investments and working capital needed to commence the JV Business in Malaysia, including recommendation for funding by way of issue and allotment of new shares by the JVCO in Agreed Proportions.
- (iv) All other future working capital needs of the JVCO for subsequent periods of operations shall be reviewed by the Board of Directors from time to time, and based on the recommendations of the Board of Directors, shall be in such form and manner to be considered and mutually agreed by the Parties in accordance with JVA.
- (v) SCSB and SGSB shall further assist the JVCO on the following:
 - Assist JVCO with the marketing and promotion of the JV Business.
 - Provide Oride a business place adjacent to Sunsuria City’s sales gallery located in Sunsuria City Township measuring approximately Two Thousand (2,000) square feet for Oride to establish its bicycle businesses in Sunsuria City Township which shall include a bicycle concept store with repair and maintenance services and a sustainable workshop.
- (vi) Oride shall further assist the JVCO on the following:
 - Facilitate JVCO’s applications for any and all licences, permits and approvals, required in connection with the JV Business.
 - Grant to JVCO an exclusive and non transferable licence to use the “Oride” name and logo (including derivatives thereof) as part of the name of JVCO and in connection with the JV Business in Malaysia (“Licence”).
 - Provision to JVCO of its services in relation to the set-up, operation, management and development of the JV Business under the “Oride” name and logo under the Licence.
 - Provide adequate human resources and expertise to set up, operate and manage the public bicycles maintenance and repair services.
 - Source and recommend the bicycle systems made available and the subsequent maintenance of the same.
- (vii) The JVCO may be terminated upon occurrence of the following events:
 - a members’ voluntary resolution to wind-up the JVCO or if a liquidator is appointed;
 - listing of the JVCO on any stock exchange;
 - mutual agreement of all shareholders of the JVCO to terminate the JVA.

4. SOURCE OF FUNDING

SCSB and SGSB shall fully subscribe for its Agreed Proportions shares in cash through internally generated funds.

5. RATIONALE FOR THE JVCO/JVA

The JVA aims to deliver the promise for a smart, livable and sustainable township. The Parties are committed in promoting healthier and eco-friendly lifestyle that embraces innovation and community interaction.

6. FINANCIAL EFFECTS OF THE INVESTMENT

6.1 Share Capital, Net assets per share and substantial shareholders' shareholding

The JVA is not expected to have any effect on the share capital, net assets per share or substantial shareholding of the Company as the JVA does not involve issuance of new ordinary shares in the Company.

6.2 Earnings and Earnings per share

The JVA is not expected to have any effect on the earnings and earnings per share of the Company.

6.3 Net Assets and Gearing

The JVA is not expected to have any material effect on the consolidated net assets and gearing of Sunsuria Group for the year ending 30 September 2016.

7. RISK FACTORS

The Company does not foresee any exceptional risk other than the normal operational risks associated with joint ventures. The Company will take the necessary steps to mitigate the risks as and when it occurs.

8. APPROVALS REQUIRED

The JVA is not subject to the approval of the shareholders of Sunsuria or any relevant authorities.

9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the JVA is expected to be completed upon the subscription of the shares by the Parties.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the JVA pursuant to Paragraph 10.02(g) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad is 0.01%.

11. DIRECTORS' STATEMENT

Having considered all aspects of the Company, the Board of Directors is of the opinion that the JVA is in the best interest of the Company.

12. 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 JVA.

13. DOCUMENTS FOR INSPECTION

The JVA are available for inspection 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, 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 18 August 2016.