

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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SUNSURIA

Building Today Creating Tomorrow

SUNSURIA BERHAD

(Company No: 8235-K)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PART A

- (I) PROPOSED SGSB TRANSACTIONS (AS DEFINED HEREIN);
- (II) PROPOSED SDSDSB ACQUISITION (AS DEFINED HEREIN);
- (III) PROPOSED SMSB ACQUISITIONS (AS DEFINED HEREIN); AND
- (IV) PROPOSED RNSB SUBSCRIPTION (AS DEFINED HEREIN)

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF SUNSURIA BERHAD IN RELATION TO PROPOSALS (I), (III) AND (IV) ABOVE

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Joint Advisers for PART A


RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)


ASTRAMINA
ADVISORY
Astramina Advisory Sdn Bhd
(Company No. 810705-K)
(A licenced corporate finance advisory firm)


AmInvestment Bank
AmInvestment Bank Berhad
(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for PART B


INVESTMENT BANK BERHAD (20657-W)

The Notice of the Extraordinary General Meeting ("EGM") of our Company to be convened at Banquet Hall, Unique Seafood Damansara, Sunsuria Avenue, Persiaran Mahogani, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor on Thursday, 11 June 2015 at 10.00 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed herein.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and to vote on his/her/its behalf. In such event, the Form of Proxy should be lodged at our Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the EGM, or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodgement of Form of Proxy : Tuesday, 9 June 2015 at 10.00 a.m.
Date and time of EGM : Thursday, 11 June 2015 at 10.00 a.m.

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

Act	:	Companies Act, 1965
AmlInvestment Bank	:	AmlInvestment Bank Berhad (Company No. 23742-V)
Astramina	:	Astramina Advisory Sdn Bhd (Company No. 810705-K)
Balance Cash Consideration	:	Approximately RM380.3 million, being the total consideration for the Proposals of approximately RM507.0 million less the Reinvestment Amount and deposits paid for the Proposed SDSDSB Acquisition and Proposed SMSB Acquisitions of RM15.7 million and approximately RM11.0 million respectively
Balance SDSDSB Consideration	:	RM141.3 million, representing 90.0% of the SDSDSB Consideration constituting a debt due and owing by Sunsuria to Sime Darby Property which shall be paid by Sunsuria to Sime Darby Property in cash on or before the SDSDSB Payment Date
Board	:	Board of Directors of Sunsuria
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Call Option	:	An option exercisable at the discretion of Creed to require Sunsuria and Concord to sell all of their respective SMSB Shares to Creed at (i) RM170.13 per SMSB Share if exercised during the period commencing from 1 April 2016 until 30 September 2016 and (ii) RM177.52 per SMSB Share if exercised during the period commencing from 1 October 2016 until 31 October 2016 respectively
Computation Date	:	31 January 2015, being the cut off and apportionment date for the purposes of computing (i) the SMSB Consideration (including verifying the market value of the SMSB Properties) and (ii) the RNSB Subscription Consideration (including verifying the market value of Suria Hills 2A and 2B projects held by RNSB)
Concord	:	Concord Property Management Sdn Bhd (Company No. 786773-T)
Concord Sale Shares	:	Two (2) ordinary shares of RM1.00 each in Concord, representing 100% of the issued and paid-up share capital of Concord
Creed	:	Creed Investments Pte Ltd (Company No. 201428629R)
Circular	:	This Circular to the Shareholders dated 27 May 2015
Datin Kwan	:	Datin Kwan May Yuen
Datuk Ter	:	Datuk Ter Leong Yap
EGM	:	Extraordinary general meeting
Entitlement Date	:	A date to be determined by our Board and announced later on which the names of the entitled Shareholders must appear in the Record of Depositors in order to be entitled to the Rights Issue With Warrants
EPS	:	Earnings per share

DEFINITIONS (Cont'd)

Existing SMSB SPSA	:	The Share Purchase and Subscription Agreement dated 21 November 2014 entered into between Creed, SDSB, SSSB, SMSB, Concord and Datuk Ter for the sale and purchase and subscription of SMSB Shares
EY	:	Messrs Ernst & Young
FPE	:	Financial period ended/ending, as the case may be
Fund Raising Exercise	:	The Rights Issue With Warrants and the Private Placement, collectively
FYE	:	Financial year ended/ending, as the case may be
GDV	:	Gross development value
Identified Companies	:	SGSB, SDSDSB, Concord, SMSB and RNSB, collectively
Initial Announcement	:	The announcement made by the Company on 10 March 2015 relating to the Proposed SGSB Transactions, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription
Interested Directors	:	Datuk Ter and WYT, collectively
Interested Major Shareholders	:	Datuk Ter, Ter Equity and Ter Capital, collectively
Interested Proposals	:	The Proposed SGSB Transactions, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription, collectively
Joint Advisers	:	RHB Investment Bank, AmInvestment Bank and Astramina, collectively
KWS	:	Koong Wai Seng
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LPD	:	19 May 2015, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per share
Market Day	:	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is opened for trading in securities
NA	:	Net assets
NL	:	Net liabilities
Nominated Investors	:	Investors nominated by Datuk Ter and Ter Equity
PAT	:	Profit after taxation
PBT	:	Profit before taxation

DEFINITIONS (Cont'd)

- Private Placement** : Private placement of up to 63,344,588 Sunsuria Shares, representing approximately 8.6% of the enlarged issued and paid-up share capital of Sunsuria after the Rights Issue With Warrants and the Proposed Reinvestment, at an issue price to be determined later, which has been approved by the Shareholders at the EGM of the Company on 12 May 2014
- Proposals** : The Proposed SGSB Transactions, the Proposed SDSDSB Acquisition, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription, collectively
- Proposed Full and Final Capital Return of RPS-A** : The maximum redemption sum payable for full and final capital redemption of all SGSB RPS-A issued by SGSB and held by Datuk Ter amounting to a maximum RM168,390,000
- Proposed Reinvestment** : Proposed subscription by Datuk Ter for the Reinvestment Shares at the Reinvestment Shares Issue Price
- Proposed RNSB Subscription** : Proposed subscription for 25,000,000 new RNSB Shares for a cash subscription price of RM25,000,000 and proposed subscription of 32,000,000 new RNSB RPS for a cash subscription price of RM32,000,000
- Proposed SDSDSB Acquisition** : Proposed acquisition of the SDSDSB Sale Share for a total consideration of RM173.4 million, comprising cash consideration of RM157.0 million and settlement of Sime Darby Advances
- Proposed SDSDSB Transactions** : The proposals encompassing:
(i) the Proposed SGSB Transactions; and
(ii) the Proposed SDSDSB Acquisition, resulting in which Sunsuria would obtain an effective equity interest of approximately 100% in SDSDSB
- Proposed SGSB Subscription** : Proposed subscription for the SGSB Subscription Shares and the SGSB Subscription RPS-B pursuant to the SGSB Subscription Agreement
- Proposed SGSB Transactions** : The Proposed SGSB Subscription and the Proposed Reinvestment, collectively
- Proposed SMSB Acquisitions** : The proposed acquisition of 21% effective equity interest in SMSB by way of the Proposed SMSB Acquisition 1 and the Proposed SMSB Acquisition 2, collectively
- Proposed SMSB Acquisition 1** : Proposed acquisition of the Concord Sale Shares, representing the entire equity interest in Concord (which currently holds 250,000 SMSB Shares, representing 20% equity interest in SMSB) for a cash consideration of RM53,121,296.30
- Proposed SMSB Acquisition 2** : Proposed acquisition of SMSB Sale Shares, representing 1% equity interest in SMSB for a cash consideration of RM1,848,399.97
- Proposed Variation** : The variation to the terms of the SGSB Subscription Agreement as set out in **Section 2.1 of Part A** of this Circular
- Put Option** : An option exercisable at the discretion of Sunsuria and Concord to require Creed to purchase all of their SMSB Shares at a purchase price of RM147.94 per SMSB Share if exercised during 1 April 2016 until 31 October 2016

DEFINITIONS (Cont'd)

Reinvestment Amount	:	The RM100.0 million in value of Sunsuria Shares to be subscribed by Datuk Ter
Reinvestment Shares	:	102,040,816 new Sunsuria Shares to be issued at the Reinvestment Shares Issue Price pursuant to the Proposed Reinvestment
Reinvestment Shares Issue Price	:	Issue price of RM0.98 per Reinvestment Share
RHB Investment Bank	:	RHB Investment Bank Berhad (Company No. 19663-P)
Rights Issue With Warrants	:	Renounceable rights issue of up to 475,084,416 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 Warrants on the basis of one (1) Warrant for every three (3) Rights Shares subscribed for at an issue price to be determined later, which has been approved by the Shareholders at the EGM of the Company on 12 May 2014
Rights Shares	:	Up to 475,084,416 Sunsuria Shares to be issued pursuant to the Rights Issue With Warrants
RM and sen	:	Ringgit Malaysia and sen respectively
RNSB	:	Rentak Nusantara Sdn Bhd (Company No. 838159-X)
RNSB RPS	:	Redeemable preference shares of RM0.01 each in RNSB to be issued pursuant to the Proposed RNSB Subscription
RNSB Share	:	Ordinary share of RM1.00 each in RNSB
RNSB Subscription Agreement	:	Conditional subscription agreement dated 9 March 2015 entered into between Sunsuria with RNSB and SDSB (being the existing shareholder of RNSB) for the Proposed RNSB Subscription
RNSB Subscription Consideration	:	Aggregate cash subscription of RM57.0 million for the subscription of the RNSB Subscription Shares under the Proposed RNSB Subscription
RNSB Subscription Shares	:	25.0 million new RNSB Shares and 32.0 million new RNSB RPS, collectively
RPGT	:	Real property gains tax
RPGT Act	:	Real Property Gains Tax Act 1976
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 including any amendments thereof issued by Bursa Depository from time to time
SC	:	Securities Commission Malaysia
SDSB	:	Sunsuria Development Sdn Bhd (Company No. 572536-D)
SDSDSB	:	Sime Darby Sunsuria Development Sdn Bhd (Company No. 1048895-A), a 50:50 jointly-controlled entity between SGSB and Sime Darby Property

DEFINITIONS (Cont'd)

SDSDSB Completion Date	:	30 June 2015 or such other date as may be agreed upon between Sunsuria and Sime Darby Property
SDSDSB Consideration	:	Cash consideration of RM157.0 million pursuant to the Proposed SDSDSB Acquisition
SDSDSB Payment Date	:	31 July 2015 or such other date as Sime Darby Property and Sunsuria may mutually agree upon
SDSDSB Sale Share	:	One (1) SDSDSB Share held by Sime Darby Property, representing the remaining 50% of the issued and paid-up share capital of SDSDSB
SDSDSB Share	:	Ordinary share of RM1.00 each in SDSDSB
SDSDSB Shareholders' Agreement	:	The existing shareholders agreement dated 6 August 2013 entered into between Sime Darby Property, SGSB and SDSDSB to govern and regulate the rights, privileges, protection and obligations of the shareholders of SDSDSB
SDSDSB SPA	:	Conditional share purchase agreement dated 20 April 2015 entered into between Sunsuria with Sime Darby Property for the Proposed SDSDSB Acquisition
SGSB	:	Sunsuria Gateway Sdn Bhd (Company No. 1043624-X)
SGSB Group	:	SGSB and SDSDSB, collectively
SGSB Payment Date	:	Sixty (60) days after the completion date as contemplated under the SGSB Subscription Agreement
SGSB RPS-A	:	Existing redeemable preference shares-class A of RM0.01 each in SGSB, which as at the LPD amounts to 16,839,000 SGSB RPS-A outstanding
SGSB RPS-B	:	Redeemable preference shares-class B of RM0.01 each in SGSB to be issued pursuant to the Proposed SGSB Subscription
SGSB Share	:	Ordinary share of RM1.00 each in SGSB
SGSB Subscription Agreement	:	Conditional subscription agreement dated 9 March 2015 entered into between Sunsuria with SGSB, Datuk Ter and Datin Kwan (being the existing shareholders of SGSB) for the Proposed SGSB Subscription, which is supplemented by the Supplemental SGSB Subscription Agreement
SGSB Subscription Consideration	:	Subscription consideration of RM238.0 million for the subscription of the SGSB Subscription Shares and the SGSB Subscription RPS-B under the Proposed SGSB Subscription
SGSB Subscription RPS-B	:	237,000,000 SGSB RPS-B, at a subscription price of RM237,000,000
SGSB Subscription Shares	:	1,000,000 new SGSB Shares, representing 99.99% equity interest in SGSB, at a cash subscription price of RM1,000,000
Shareholders	:	Shareholders of Sunsuria
Share Registrar	:	Tricor Investor Services Sdn Bhd (Company No. 118401-V)
SHSB	:	Sunsuria Holdings Sdn Bhd (Company No. 761642-A)

DEFINITIONS (Cont'd)

Sime Darby Advances	:	Existing shareholder's advances owing by SDSDSB to Sime Darby Property, which as at 31 March 2015 amounts to RM16,390,700 and any additional shareholder's advances granted by Sime Darby Property to SDSDSB for the purposes of the on-going business or operations of SDSDSB pending completion of the Proposed SDSDSB Acquisition
Sime Darby Property	:	Sime Darby Property (Sungai Kapar) Sdn Bhd (Company No. 102210-T), a wholly-owned subsidiary of Sime Darby Property Berhad, which in turn is a wholly-owned subsidiary of Sime Darby Berhad
SMSB	:	Sunsuria Medini Sdn Bhd (Company No. 866859-P)
SMSB Consideration	:	The SMSB Consideration 1 and the SMSB Consideration 2, collectively
SMSB Consideration 1	:	Cash consideration of RM53,121,296.30 pursuant to the purchase of the Concord Sale Shares by Sunsuria
SMSB Consideration 2	:	Cash consideration of RM1,848,399.97 pursuant to the purchase of the SMSB Sale Shares by Sunsuria
SMSB Payment Date	:	Sixty (60) days after the completion date as contemplated under the SMSB SPAs
SMSB Properties	:	The landbanks owned by SMSB and on-going developments of SMSB, collectively
SMSB Sale Shares	:	12,500 SMSB Shares, representing 1% of the issued and paid-up share capital of SMSB
SMSB Share	:	Ordinary share of RM1.00 each in SMSB
SMSB Shareholders' Agreement	:	Shareholders' agreement entered into between Concord, TCSB, SSSB, SMSB, Datuk Ter and Creed on 21 November 2014 (as amended via a supplemental letter dated 15 January 2015) to regulate the rights, privileges, protection and obligations of the shareholders of SMSB
SMSB SPAs	:	The SMSB SPA 1 and the SMSB SPA 2, collectively
SMSB SPA 1	:	Conditional sale and purchase agreement dated 9 March 2015 entered into between Sunsuria with Datuk Ter and THK for the Proposed SMSB Acquisition 1
SMSB SPA 2	:	Conditional sale and purchase agreement dated 9 March 2015 entered into between Sunsuria with TCSB for the Proposed SMSB Acquisition 2
SSSB	:	Sunsuria South Sdn Bhd (Company No. 1044016-K)
Subscription Agreements	:	The SGSB Subscription Agreement (together with the Supplemental SGSB Subscription Agreement) and the RNSB Subscription Agreement, collectively
Sunsuria or our Company	:	Sunsuria Berhad (Company No. 8235-K)
Sunsuria Group or our Group	:	Sunsuria and its subsidiaries, collectively

DEFINITIONS (Cont'd)

Sunsuria Medini	:	Mixed-integrated development project on 82.77 acres of leasehold land located in Medini, Johor
Sunsuria Share	:	Ordinary share of RM0.50 each in Sunsuria
Supplemental SGSB Subscription Agreement	:	Supplemental agreement dated 20 April 2015 entered into between Sunsuria with SGSB, Datuk Ter and Datin Kwan (being the existing shareholders of SGSB) for the Proposed Variation
Suria Hills 2A and 2B	:	RNSB's on-going bungalow land development in Setia Alam, Selangor which comprises sixty eight (68) parcels of bungalow lots
Suria Serenia Land	:	The freehold land known as Suria Serenia held by SDSDSB, which surrounds the upcoming Xiamen University Malaysia Campus and which is to be developed into an integrated development strategically connected with the Express Rail Link and highways
TCSB	:	THK Capital Sdn Bhd (Company No. 891329-X)
TERP	:	Theoretical ex-rights price
Ter Capital	:	Ter Capital Sdn Bhd (Company No. 1087641-X)
Ter Equity	:	Ter Equity Sdn Bhd (Company No. 1077495-T)
THK	:	Ter Hong Khim @ Tai Foong Chin
Total SDSDSB Consideration	:	The SDSDSB Consideration and settlement of the Sime Darby Advances, collectively
Undertakings	:	The written irrevocable and unconditional undertakings from the Undertaking Shareholders as follows: <ul style="list-style-type: none">(i) Datuk Ter, Ter Equity and Ter Capital dated 22 May 2015 to subscribe in full for their respective entitlements under the Rights Issue With Warrants based on their shareholdings as at the Entitlement Date and to subscribe for and take up additional Rights Shares not taken up by the other entitled Shareholders by way of excess Rights Shares applications such that their total subscription of Right Shares amounts to at least RM250.0 million in value/subscription proceeds;(ii) Ruby Technique Sdn Bhd dated 22 May 2015 to subscribe in full for its entitlement under the Rights Issue With Warrants based on its shareholdings as at the Entitlement Date and to subscribe for and take up additional Rights Shares not taken up by the other entitled Shareholders by way of excess Rights Shares applications such that its total subscription of Right Shares amounts to at least RM22.8 million in value/subscription proceeds;(iii) Tan Kim Heung and Lai Ming Chun @ Lai Poh Lin dated 22 May 2015 to subscribe in full for their respective entitlements under the Rights Issue With Warrants based on their shareholdings as at the Entitlement Date and to subscribe for and take up additional Rights Shares not taken up by the other entitled Shareholders by way of excess Rights Shares applications such that their total subscription of Right Shares amounts to at least RM38.4 million in value/subscription proceeds; and

DEFINITIONS (Cont'd)

- (iv) Tan Sri Dato' Sri Richard Koh Kin Lip dated 22 May 2015 to subscribe in full for his entitlement under the Rights Issue With Warrants based on his shareholdings as at the Entitlement Date and to subscribe for and take up additional Rights Shares not taken up by other entitled Shareholders by way of Excess Rights Shares applications such that his total subscription of Right Shares amounts to at least RM7.5 million in value/subscription proceeds

Undertaking Shareholders	:	Datuk Ter, Ter Equity, Ter Capital, Ruby Technique Sdn Bhd, both Tan Kim Heung and Lai Ming Chun @ Lai Poh Lin as well as Tan Sri Dato' Sri Richard Koh Kin Lip who have provided the Undertakings, collectively
Vendors	:	Datuk Ter, THK, TCSB and Sime Darby Property, collectively
VWAP	:	Volume-weighted average market price
Warrants	:	Up to 158,361,472 free detachable warrants to be issued pursuant to the Rights Issue With Warrants
WTW	:	CH Williams Talhar & Wong Sdn Bhd (Company No. 18149-U)
WTW Valuation Certificate	:	Valuation certificate dated 12 February 2015
WYT	:	Wong Yuen Teck

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations.

All references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company save where the context otherwise requires, our subsidiaries and to "**you**" or "**your**" in this Circular are to the Shareholders.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that Sunsuria's plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary provides a brief overview of the details of the Proposals. You should read this Executive Summary together with the full text of this Circular.

PROPOSALS

We propose to undertake the following:

Proposals	Descriptions
Proposed SGSB Transactions	(i) Subscription for securities in SGSB by way of: <ul style="list-style-type: none"> • 1,000,000 new SGSB Shares, representing 99.99% equity interest in SGSB, at a cash subscription price of RM1,000,000; and • 237,000,000 new SGSB RPS-B, at a subscription price of RM237,000,000.
Proposed SDSDSB Acquisition	(ii) Subscription by Datuk Ter for 102,040,816 new Sunsuria Shares at an issue price of RM0.98 per Sunsuria Share Acquisition of one (1) ordinary share of RM1.00 in SDSDSB, representing the remaining 50% of the issued and paid-up share capital of SDSDSB, for a total consideration of RM173.4 million, comprising cash consideration of RM157.0 million and settlement of Sime Darby Advances.
Proposed SMSB Acquisitions	Acquisition of 21% effective equity interest in SMSB by way of: <ul style="list-style-type: none"> • Acquisition of two (2) ordinary shares of RM1.00 each in Concord, representing the entire equity interest in Concord, for a cash consideration of approximately RM53.1 million; and • Acquisition of 12,500 ordinary shares of RM1.00 each in SMSB, representing 1% equity interest in SMSB, for a cash consideration of approximately RM1.8 million.
Proposed RNSB Subscription	Subscription for: <ul style="list-style-type: none"> • 25,000,000 new RNSB Shares, representing 99.01% equity interest in RNSB, at a cash subscription price of RM25.0 million; and • 32,000,000 new RNSB RPS, at a cash subscription price of RM32.0 million.

Upon completion of the Proposals, the following properties will be held by Sunsuria:

Development Project	Land/	Description / Properties held
Suria Serenia Land		Freehold land held by SDSDSB, which surrounds the upcoming Xiamen University Malaysia Campus which will be developed into an integrated development strategically connected with the Express Rail Link and highways
Sunsuria Medini		Mixed-integrated development project on 82.77 acres of leasehold land in Medini, Johor
Suria Hills 2A and 2B		RNSB's on-going bungalow land development in Setia Alam, Selangor which comprises sixty-eight (68) parcels of bungalow lots

The Proposals will increase Sunsuria's existing landbanks for property development from 4.71 acres to 364.18 acres and the estimated GDV for Sunsuria's property development projects would increase from RM326.0 million to RM7,726.0 million (based on Sunsuria's effective equity interest in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B).

Additionally, the Proposals are in line with Sunsuria's long term strategic plan to augment its property development business and is expected to sustain the property development segment of Sunsuria Group for the next 12 years. It should also be highlighted that the Proposals allow the Sunsuria Group to secure sizeable landbanks with development potential in established strategic locations such as Medini, Salak Tinggi and Setia Alam.

EXECUTIVE SUMMARY (cont'd)

Furthermore, whilst the Proposed SMSB Acquisitions involve the proposed acquisition of 21.0% effective equity interest in SMSB, such investment will enable our Company to participate in a property development project with a strategic partner from Japan (being Creed) in the Johor region, thereby raising Sunsuria's profile and branding as a property developer of international standing.

FUND RAISING EXERCISE

For information purposes, the Proposals will be partly funded via funds raised from the Fund Raising Exercise which was approved by the Shareholders at the EGM of the Company held on 12 May 2014, as follows:

Fund Raising Exercise	Descriptions	Purpose
Rights Issue With Warrants	Renounceable rights issue of up to 475,084,416 Rights Shares on the basis of three (3) Rights Shares for every one (1) existing Sunsuria Share held on the Entitlement Date, together with up to 158,361,472 Warrants on the basis of one (1) Warrant for every three (3) Rights Shares subscribed for	Aggregate proceeds of approximately up to RM380.1 million (based on an indicative issue price of RM0.80 per Rights Share) to be raised from the Rights Issue With Warrants will be utilised to fund the Proposals.
Private Placement	Private placement of up to 63,344,588 Sunsuria Shares, representing approximately 8.6% of the enlarged issued and paid-up share capital of Sunsuria after the Rights Issue With Warrants and the Proposed Reinvestment	The proceeds to be raised from the Private Placement has been earmarked to fund the working capital of the Sunsuria Group.

You are advised to carefully read this Circular and the independent advise letter set out in Part B of this Circular before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

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PART A

**LETTER TO THE SHAREHOLDERS OF SUNSURIA IN RELATION TO THE
PROPOSALS**



SUNSURIA

Building Today Creating Tomorrow

SUNSURIA BERHAD

(Company No: 8235-K)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

27 May 2015

Board of Directors:

Datuk Ter Leong Yap	<i>(Executive Chairman)</i>
Koong Wai Seng	<i>(Executive Director)</i>
Wong Yuen Teck	<i>(Non-Independent Non-Executive Director)</i>
Liew Jee Min @ Chong Jee Min	<i>(Independent Non-Executive Director)</i>
Dato' Tan Tian Meng	<i>(Independent Non-Executive Director)</i>
Datin Loa Bee Ha	<i>(Independent Non-Executive Director)</i>
Alexon Khor Swek Chen	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Sunsuria

Dear Sir / Madam,

- I. PROPOSED SGSB TRANSACTIONS;
- II. PROPOSED SDSDSB ACQUISITION;
- III. PROPOSED SMSB ACQUISITIONS; AND
- IV. PROPOSED RNSB SUBSCRIPTION

1. INTRODUCTION

On 10 March 2015, the Joint Advisers had, on behalf of our Board, announced that our Company had on 9 March 2015 entered into:

- (i) a conditional subscription agreement with SGSB, Datuk Ter and Datin Kwan (being the existing shareholders of SGSB) for the Proposed SGSB Transactions;
- (ii) a conditional share purchase agreement with Datuk Ter and THK for the Proposed SMSB Acquisition 1;
- (iii) a conditional share purchase agreement with TCSB for the Proposed SMSB Acquisition 2; and

- (iv) a conditional subscription agreement with RNSB and SDSB (being the existing shareholder of RNSB) for the Proposed RNSB Subscription.

Following the completion of the SMSB SPA 2 for the Proposed SMSB Acquisition 2, Sunsuria will also be entering into a deed of accession with SSSB, SMSB, Datuk Ter, Concord, TCSB and Creed, wherein it will observe, perform and be bound by terms of the SMSB Shareholders' Agreement and assume all the obligations of TCSB, as if it is a party to the SMSB Shareholders' Agreement.

Following the completion of the Proposed SMSB Acquisitions, Sunsuria (via its direct holding of equity interest in SMSB and its indirect holding of equity interest in SMSB via Concord) will be bound by the terms of the SMSB Shareholders' Agreement, which include, *inter-alia* the Put Option held by Sunsuria and Concord as well as the Call Option held by Creed.

On 20 April 2015, the Joint Advisers had, on behalf of the Board, announced that our Company had entered into:

- (i) a conditional share purchase agreement with Sime Darby Property for the Proposed SDSDSB Acquisition; and
- (ii) a supplemental agreement with SGSB, Datuk Ter and Datin Kwan to vary the terms of the SGSB Subscription Agreement in relation to the Proposed Variation.

In view of the interests of the Interested Directors and the Interested Major Shareholders as disclosed in **Section 9 of Part A** of this Circular, the Interested Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, our Board had on 9 March 2015 appointed KAF Investment Bank Berhad as the Independent Adviser to provide the non-interested directors and non-interested shareholders of Sunsuria in respect of Interested Proposals with:

- (i) an independent evaluation of the Interested Proposals;
- (ii) an opinion as to whether the Interested Proposals are fair and reasonable and whether the Interested Proposals are detrimental to the non-interested shareholders of our Company; and
- (iii) a recommendation as to whether the non-interested shareholders of our Company should vote for or against the resolutions pertaining to the Interested Proposals to be tabled at the forthcoming EGM.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF OUR COMPANY. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN, AS WELL AS THE INDEPENDENT ADVICE LETTER SET OUT IN PART B OF THIS CIRCULAR, BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

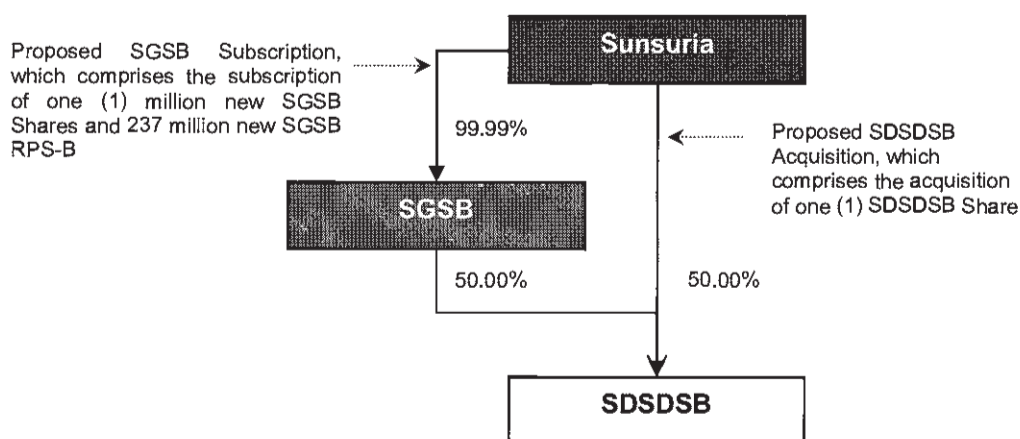
2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed SDSDSB Transactions

The Proposed SDSDSB Transactions comprises the following proposals undertaken collectively with a view to obtain control over SDSDSB:

- (i) Proposed SGSB Transactions; and
- (ii) Proposed SDSDSB Acquisition.

The Proposed SGSB Subscription and the Proposed SDSDSB Acquisition are illustrated below:



The Proposed SGSB Transactions include the Proposed Reinvestment which involves the proposed subscription by Datuk Ter and/or his nominee(s) for 102,040,816 Reinvestment Shares at the Reinvestment Shares Issue Price. As illustrated above, upon the completion of the Proposed SGSB Transactions and the Proposed SDSDSB Acquisition, our Company will have control over the development of the Suria Serenia Land.

Proposed SGSB Transactions

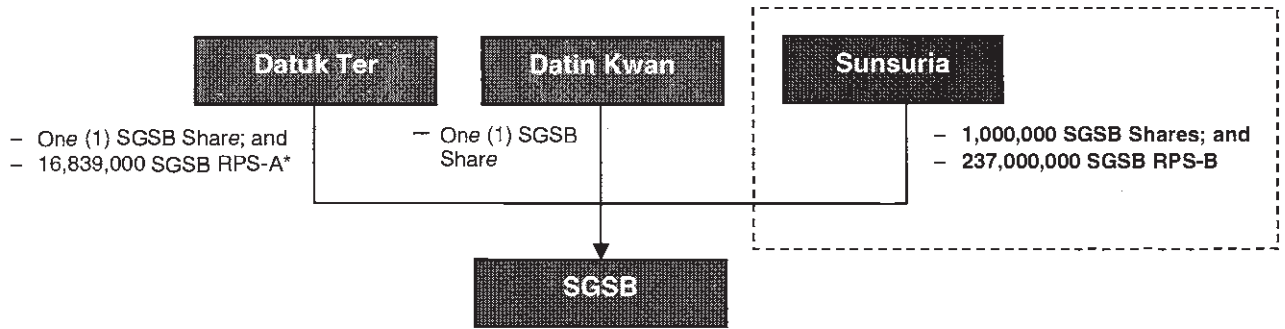
The Proposed SGSB Transactions comprises the Proposed SGSB Subscription and the Proposed Reinvestment.

The Proposed SGSB Subscription involves the subscription by Sunsuria of the following:

	Cash Consideration (RM)
(i) 1.0 million new SGSB Shares	1,000,000
(ii) 237.0 million new SGSB RPS-B	237,000,000
Total	238,000,000

The Proposed SGSB Subscription would increase the issued and paid-up ordinary share capital of SGSB from RM2 comprising two (2) SGSB Shares currently held by Datuk Ter and Datin Kwan, to RM1,000,002 comprising 1,000,002 SGSB Shares, in which Sunsuria will hold approximately 100.00% equity interest in SGSB.

As at the LPD, the equity structure of SGSB after the completion of the Proposed SGSB Subscription is depicted as follows:



Notes:

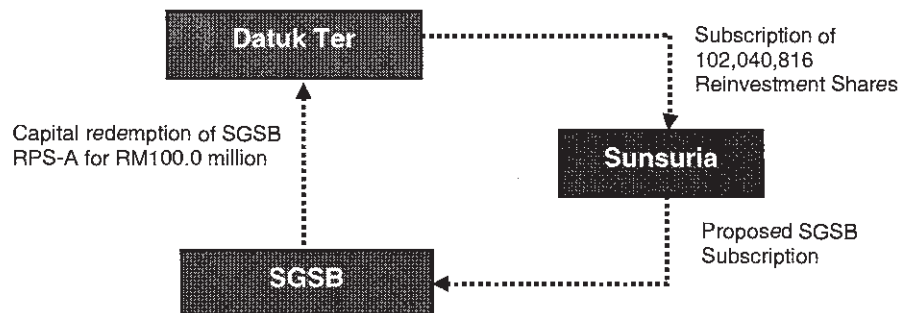
* Prior to the Proposed Reinvestment.

Denotes the issuance of securities to our Company pursuant to the Proposed SGSB Subscription

In order to reduce the outflow of cash pursuant to the Proposed SGSB Subscription, our Company proposed and Datuk Ter agreed to subscribe for RM100.0 million in value of Sunsuria Shares at an issue price of RM0.98 per Sunsuria Share, amounting to 102,040,816 Sunsuria Shares, representing approximately 39.19% of the enlarged issued and paid-up share capital of Sunsuria after the Proposed Reinvestment. SGSB, Datuk Ter and Sunsuria have agreed to set-off RM100.0 million from the redemption sum payable for the existing SGSB RPS-A[^] held by Datuk Ter against the subscription price payable by Datuk Ter under the Proposed Reinvestment, as depicted in the following diagram:

Note:

[^] As at the LPD, SGSB has a total of 16,839,000 issued and paid-up SGSB RPS-A which is held entirely by Datuk Ter, as set out in **Appendix I(A)** of this Circular.



Datuk Ter may appoint nominee(s) to subscribe for partly or fully the Reinvestment Shares in place of himself under the Proposed Reinvestment. As at the LPD, such arrangement has not been finalised. It is the intention of Datuk Ter and persons acting in concert with him that the issuance and allotment of the Reinvestment Shares will not result in them triggering an obligation to extend a mandatory general offer pursuant to the Malaysian Code on Take-Overs and Mergers, 2010 (“**Code**”), in particular by allowing the individual shareholdings of Datuk Ter or any other persons acting in concert with him to exceed 33% of the total voting shares in Sunsuria. For illustrative purposes, Ter Capital has been appointed by Datuk Ter as his nominee to receive 81,916,332 Reinvestment Shares, representing approximately 32.00% of the enlarged share capital after the Proposed Reinvestment as illustrated in **Section 6.1.2 of Part A** of this Circular.

For avoidance of doubt, the Reinvestment Shares shall not be entitled to participate in the Rights Issue With Warrants as the Reinvestment Shares will only be issued after the Entitlement Date.

On 20 April 2015, our Company entered into the Supplemental SGSB Subscription Agreement with SGSB, Datuk Ter and Datin Kwan (as existing shareholders of SGSB) for the purposes of (i) recording various revisions to the redemption of the SGSB RPS-A and (ii) effecting amendments to the terms and conditions of the SGSB Subscription Agreement consequential to the various revisions to the redemption of the SGSB RPS-A, the material amendments of which are set out in the following table:

Clause	SGSB Subscription Agreement	Supplemental SGSB Subscription Agreement
4.4	Nil	Notwithstanding any such further issuance of SGSB RPS-A pursuant to clause 4.3 and notwithstanding any other provisions of the SGSB Subscription Agreement, the aggregate maximum redemption sum payable for full and final capital redemption of all the SGSB RPS-A issued or to be issued by SGSB shall be fixed and not under any circumstances whatsoever exceed a sum of RM168,390,000.
6.1	SGSB shall on the SGSB Payment Date redeem and cancel 10,000,000 SGSB RPS-A then in issue which are held by Datuk Ter, which represents part of the existing SGSB RPS-A outstanding. The remaining SGSB RPS-A outstanding following the issuance of further RPS-A as contemplated in clause 4.3 shall be redeemed by SGSB as and when the cash flow and financial position of SGSB shall permit/allow.	SGSB shall on the SGSB Payment Date redeem and cancel all SGSB RPS-A then in issue which are held by Datuk Ter. For the avoidance of doubt, the full and final capital redemption amount payable to redeem all outstanding SGSB RPS-A issued or to be issued by SGSB shall in aggregate amount to a maximum sum of RM168,390,000, as referred to in clause 4.4.
6.2(b)	The parties have agreed that upon Datuk Ter subscribing for the Reinvestment Shares: (1) the subscription price for the Reinvestment Shares shall be wholly set-off against the redemption sum payable by SGSB in respect of the redemption of the SGSB RPS-A (amounting to RM100,000,000); and (2) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the subscription price payable in respect of the SGSB RPS-B.	The parties have agreed that upon Datuk Ter subscribing for the Reinvestment Shares: (1) the subscription price for the Reinvestment Shares shall be wholly set-off against part of the redemption sum payable by SGSB in respect of the redemption of the SGSB RPS-A (the aggregate maximum amount of which is RM168,390,000); and (2) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the subscription price payable in respect of the SGSB RPS-B.
6.2(c)	Nil	The parties agree and covenant that SGSB shall pay the sum of RM68,390,000 in cash to Datuk Ter after the completion of the set-off arrangement referred to in clause 6.2(b) above, being the remaining capital redemption sum payable by SGSB to Datuk Ter in respect of the redemption of the SGSB RPS-A.

Arising from the Proposed Full and Final Capital Return of RPS-A, there will be an amount of RM69,610,000*, in SGSB intended to be utilised for *inter-alia* working capital purposes of SGSB, including the part payment of the remaining unpaid Suria Serenia Land purchase consideration by SDSDSB of RM246,676,370[^].

Notes:

* The remaining amount of RM69.61 million in SGSB after the Proposed Full and Final Capital Return of RPS-A is computed as follows:

	RM
SGSB Subscription Consideration	238,000,000
Less:	
Proposed Full and Final Capital Return of RPS-A	(168,390,000)
Total	69,610,000[#]

The remaining amount of RM69.61 million in SGSB is intended to be utilised as follows:

		RM
(i)	Payment of remaining unpaid Suria Serenia Land purchase consideration	^{N1} 53,900,000
(ii)	Working capital in relation to the Suria Serenia project (i.e. project development expenditures and pre launching expenses)	15,710,000
	Total	69,610,000

N1 Any unutilised amount allocated for payment of remaining unpaid Suria Serenia Land purchase consideration would be utilised for working capital in relation to the Suria Serenia project.

[^] SDSDSB had entered into sale and purchase agreements with Sime Darby Ampar Tenang Development Sdn Bhd (now known as Sime Darby Serenia Development Sdn Bhd) to acquire the Suria Serenia Land amounting to an aggregate of 331.27 acres for a total consideration of RM275.5 million. As at the LPD, RM28.8 million had been paid, with the remaining unpaid balance purchase consideration amounting to RM246.7 million to be paid by SDSDSB.

Proposed SDSDSB Acquisition

The Proposed SDSDSB Acquisition entails Sime Darby Property agreeing to sell and Sunsuria agreeing to purchase the SDSDSB Sale Share for a total consideration of RM173.4 million, comprising cash consideration of RM141.3 million (after deducting the 10% deposit of RM15.7 million paid) payable on the SGSB Payment Date as well as approximately RM16.4 million for the settlement of the Sime Darby Advances payable on or before the expiry of 12 months after the SDSDSB Completion Date.

The sale and purchase of the SDSDSB Sale Share will be free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the completion of the SDSDSB SPA.

Following the completion of the Proposed SGSB Transactions and the Proposed SDSDSB Acquisition, SGSB, Sime Darby Property and SDSDSB will enter into a deed of termination to terminate the SDSDSB Shareholders' Agreement.

Upon the completion of the Proposed SGSB Subscription and the Proposed SDSDSB Acquisition, our Group would have an approximately 100% equity interest in SDSDSB.

SDSDSB was incorporated to undertake a proposed property development project on the Suria Serenia Land which surrounds the upcoming Xiamen University Malaysia Campus. The Suria Serenia project is an integrated development strategically connected with the Express Rail Link and highways. Please refer to **Appendix I(B)** for further information on SDSDSB.

Further details on SGSB, SDSDSB and the salient terms of the SGSB RPS-B are set out in **Appendices I(A), I(B) and IX** respectively of this Circular.

2.1.1 Basis and justification of arriving at the SGSB Subscription Consideration and Total SDSDSB Consideration

SGSB Subscription Consideration

The SGSB Subscription Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others:

- (i) the enterprise valuation of SGSB undertaken by **EY**, being an independent firm of valuers appointed by our Company on 22 January 2015 for the purpose of the valuation of SGSB, with valuation ranging from RM230.0 million to RM250.0 million, vide its indicative valuation letter dated 6 March 2015 ("**EY Valuation**");
- (ii) the market value of the Suria Serenia Land of RM528.0 million as appraised by **WTW** on 12 February 2015, being an independent firm of valuers appointed by our Company for the purpose of appraising the market value of the Suria Serenia Land vide the **WTW Valuation Certificate** ("**WTW Valuation**"); and
- (iii) the net assets of RM14.9 million based on the unaudited financial statements of SGSB for the **FYE 31 December 2014**, being the latest available full year results of SGSB pending the finalisation of its audit.

The fair market value of SGSB as appraised by **EY** based on the enterprise valuation of SGSB with its 50% share of the interest in SDSDSB as at 31 December 2014, ranges from RM230.0 million to RM250.0 million, and was derived using the discounted cash flow ("**DCF**") method to take into account the future development and earnings potential of the Suria Serenia project. The DCF method was adopted after taking into consideration the business activity of SDSDSB, being the only investment of SGSB, which is primarily project based, i.e. to undertake one specific proposed property development project, namely Suria Serenia project, which is expected to be completed within 12 years. This method entails discounting to present value the projected future free cash flows to SGSB (after deducting the remaining unpaid land purchase consideration by SDSDSB) derived from SDSDSB.

Our Board had obtained the **WTW Valuation Certificate** dated 12 February 2015 appraising the market value of the Suria Serenia Land at RM528.0 million (**Note**), under *inter-alia*, the following assumptions:

- (i) a marketable and registrable individual title with building category of land use with freehold interest will be issued; and
- (ii) Sime Darby Serenia Development Sdn Bhd (the initial landowner of Suria Serenia Land prior to SDSDSB) shall complete the major infrastructure works which include major roads, main drains, main water pipelines, main sewerage pipelines and main communications infrastructure as in accordance to the specification and requirements of the relevant authorities at its own costs and expenses.

Note: *Subsequent to the Initial Announcement, the land area of the Suria Serenia Land was revised from 346.58 acres to approximately 331.27 acres due to 15.31 acres of land being surrendered for major infrastructural works in conjunction with the master plan ("**Suria Serenia Land Area Adjustment**"). In light of the Suria Serenia Land Area Adjustment, the market value of the Suria Serenia Land as appraised by **WTW** was revised from RM528.0 million to RM505.0 million as set out in its update valuation letter dated 22 April 2015 ("**WTW Update Letter**").*

Nevertheless, there is no change to the SGSB Subscription Consideration arising from the Suria Serenia Land Area Adjustment as the SGSB Subscription Consideration also took into consideration EY Valuation wherein there will not be a change to the valuation of SGSB undertaken by EY as the Suria Serenia Land Area Adjustment does not result in a material change in the projected cash flow of the future development and earnings potential of the Suria Serenia project in which the enterprise valuation of SGSB was derived from.

The market value of the Suria Serenia Land was arrived at based on the comparison method of valuation. The comparison method of valuation entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility/exposure, size, tenure, land status, zoning/planning approval, shape/terrain, site improvement, title restrictions, low cost component and ratio of residential to commercial development if any and other relevant characteristics to arrive at the market value.

The SGSB Subscription Consideration is within range of the EY Valuation on the enterprise valuation of SGSB, which ranges between RM230.0 million and RM250.0 million. The unaudited financial statements of SGSB for the FYE 31 December 2014 was considered in EY Valuation in arriving at the range of enterprise valuation of SGSB.

Additionally, the WTW Valuation was also undertaken to ascertain the market value of the Suria Serenia Land.

Based on SGSB's 50% share of interest in SDSDSB, the corresponding WTW Valuation would amount to RM264.0 million ("**50% WTW Valuation**"). Hence, the SGSB Subscription Consideration is lower than the 50% WTW Valuation.

The SGSB Subscription Consideration is higher than the unaudited net assets of SGSB of RM14.9 million as at 31 December 2014. However, it should be highlighted that the unaudited net assets of SGSB has not taken into account the future development and earnings potential of the Suria Serenia project through its 50% investment in SDSDSB.

Total SDSDSB Consideration

Given that the SDSDSB SPA was entered into after the SGSB Subscription Agreement, as well as taking into consideration the Suria Serenia Land Area Adjustment (which occurred after the Initial Announcement), the Total SDSDSB Consideration of approximately RM173.4 million was arrived at between Sunsuria and Sime Darby Property on a willing-buyer willing-seller basis after taking into consideration, *inter-alia* the following:

- (i) the market value of the Suria Serenia Land as at 10 February 2015 of RM35 per square feet ("**Market Value psf**") vide the WTW Valuation vis-a-vis the implied gross price per square feet of the Total SDSDSB Consideration payable by Sunsuria under the Proposed SDSDSB Acquisition amounting to RM41 per square feet ("**SDSDSB Price psf**"), which is based on an agreed land valuation of RM593.5 million for 100% of the Suria Serenia Land and the adjusted land area of the Suria Serenia Land of approximately 331.27 acres as well as after adjustment to the remaining unpaid land purchase consideration payable by SDSDSB for the purchase of the Suria Serenia Land, and also after taking into account that the SDSDSB Sale Share represents 50% of the issued and paid-up share capital of SDSDSB; and
- (ii) pursuant to the Proposed Variation, the amount receivable by Datuk Ter amounts to a maximum of approximately RM168.4 million, which will constitute a full and final capital redemption of all SGSB RPS-A held by Datuk Ter.

In summary, the SDSDSB Consideration was arrived at as follows:-

	RM million
Agreed land value of Suria Serenia Land ⁽¹⁾	593.5
Less:	
Outstanding land payment	(246.7)
Indicative valuation for SDSDSB	346.8
Indicative valuation for: 50% equity interest	173.4

Notes:

(1) Based on the SDSDSB Price psf of approximately RM41 per square feet and adjusted land area of the Suria Serenia Land of approximately 331.27 acres

As depicted above, the SDSDSB Price psf represents a premium of approximately 17.1% to the Market Value psf. The aforementioned premium is after taking into consideration the fair market value of SGSB as appraised by EY based on future development and earnings potential of Suria Serenia project which ranges between RM230.0 million to RM250.0 million.

Whilst the consideration for the Proposed SGSB Subscription and Proposed SDSDSB Acquisition is RM238.0 million and RM173.4 million respectively, it is to be noted that pursuant to the terms of the Proposed SGSB Transactions, Datuk Ter will receive RM168.4 million, which is relatively similar to the total consideration received by Sime Darby Property of RM173.4 million (comprising cash consideration of RM157.0 million and approximately RM16.4 million for settlement of the Sime Darby Advances from the Proposed SDSDSB Acquisition.

It should be noted that the mode of the transactions differs between Proposed SGSB Transactions and Proposed SDSDSB Acquisition wherein Proposed SGSB Transactions involves a subscription of new SGSB Shares and SGSB RPS-B, resulting in cash being retained in SGSB which would be a 99.9%-owned subsidiary of Sunsuria. On the other hand, the Proposed SDSDSB Acquisition involves the acquisition of one (1) SDSDSB Share from Sime Darby Property (representing 50% equity interest in SDSDSB) whereby Sime Darby Property will directly receive the cash consideration of RM157.0 million and settlement of the Sime Darby Advances of RM16.4 million and will thereafter cease to be involved anymore in SDSDSB.

2.1.2 Ranking of Reinvestment Shares

The Reinvestment Shares shall, upon allotment and issue, rank equally in all respects with each other and with the then existing Sunsuria Shares and any other shares to be issued by Sunsuria, save and except that the holder of such Reinvestment Shares shall not be entitled to participate in the Rights Issue With Warrants and any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to or on the date of allotment of the Reinvestment Shares.

2.1.3 Mode and settlement of the SGSB Subscription Consideration and the Total SDSDSB Consideration

(a) SGSB Subscription Consideration

SGSB shall, on the business day falling immediately after the SGSB Subscription Agreement becomes unconditional (i.e. all the conditions precedent as set out in **Section 2.7.3.3 of Part A** of this Circular being obtained/fulfilled or waived), allot and issue the SGSB Subscription Shares and the SGSB Subscription RPS-B to Sunsuria on the basis that the face value of both the SGSB Subscription Shares and the SGSB Subscription RPS-B are not fully paid-up as at the date of allotment. Sunsuria shall pay the SGSB Subscription Consideration to SGSB by the SGSB Payment Date.

The Proposed SGSB Subscription will be deemed completed upon the allotment and issuance of the SGSB Subscription Shares and the SGSB Subscription RPS-B to Sunsuria. Arising therefrom, any benefits accruing to Sunsuria post completion of the Proposed SGSB Subscription will accordingly be reflected in the financial statements of Sunsuria.

(b) Total SDSDSB Consideration

The Total SDSDSB Consideration will be satisfied in the following manner:

- (i) RM15.7 million in cash, representing 10.0% of the SDSDSB Consideration, has been paid by Sunsuria upon execution of the SDSDSB SPA as deposit and part payment of the SDSDSB Consideration as follows:
 - (1) a sum of approximately RM4.7 million, equivalent to 3% of the SDSDSB Consideration, has been paid to Sime Darby Property's solicitors towards the retention sum in accordance with **Section 2.7.4.8(b)(i) of Part A** of this Circular; and
 - (2) a sum of approximately RM11.0 million, equivalent to 7% of the SDSDSB Consideration, has been paid to Sime Darby Property;
- (ii) the Balance SDSDSB Consideration on or before the SDSDSB Payment Date; and
- (iii) Sunsuria shall pay and settle the Sime Darby Advances on or before the expiry of twelve (12) months after the SDSDSB Completion Date.

The Balance SDSDSB Consideration is envisaged to be paid on or before the SDSDSB Payment Date (i.e. on 31 July 2015), which is approximately one (1) month from the SDSDSB Completion Date of 30 June 2015, taking into consideration the timing for the Rights Issue With Warrants. On the other hand, Sunsuria and Sime Darby Property had mutually agreed that the settlement of Sime Darby Advances to be on or before expiry of twelve (12) months after the SDSDSB Completion Date to preserve cashflow for Sunsuria Group in view of the on-going large development commitments by Sunsuria Group to develop Serenia City development, which forms part of the larger development plan for Sime Darby group of companies in the area.

Sunsuria shall on the SDSDSB Completion Date deliver to Sime Darby Property a deed of assignment of proceeds, executed by Sunsuria in favour of Sime Darby Property for the assignment of proceeds of the Rights Issue With Warrants of no less than the Balance SDSDSB Consideration and any late payment interest (if any) payable on such sum under the SDSDSB SPA ("**Assignment of Proceeds**") unto Sime Darby Property for the purposes of securing Sunsuria's obligations and liabilities in respect of the settlement of the Balance SDSDSB Consideration and any late payment interest (if any) payable under the SDSDSB SPA. The completion of the SDSDSB SPA is subject to the fulfilment by Sunsuria of its obligations to deliver to Sime Darby Property the Assignment of Proceeds and all other documents as referred to in **Section 2.7.4.6 of Part A** of this Circular, and subject further to the occurrence of the books closure date in respect of the Rights Issue With Warrants.

The Proposed SDSDSB Acquisition will be deemed completed upon the transfer of the SDSDSB Sale Shares to Sunsuria. Arising therefrom, any benefits accruing to Sunsuria post completion of the Proposed SDSDSB Acquisition will accordingly be reflected in the financial statements of Sunsuria.

For information purposes, the Rights Issue With Warrants entails the issuance of up to 475,084,416 Rights Shares, together with up to 158,361,472 Warrants on the basis of three (3) Rights Shares for every one (1) existing Sunsuria Share held on the Entitlement Date and one (1) Warrant for every three (3) Rights Shares subscribed for, which was approved by the Shareholders at our Company's EGM held on 12 May 2014. Based on the indicative issue price of RM0.80 per Rights Share, the Rights Issue With Warrants will raise gross proceeds of approximately RM380.1 million upon full subscription. As at the LPD, the issue price for the Rights Shares has yet to be determined.

(c) Reinvestment Shares

Datuk Ter will subscribe for the Reinvestment Shares and the Reinvestment Shares will be issued and allotted by Sunsuria on the SGSB Payment Date. Upon Datuk Ter subscribing for the Reinvestment Shares, the Reinvestment Amount shall be wholly set-off against part of the redemption sum payable under the Proposed Full and Final Capital Return of RPS-A. The corresponding sum of RM100.0 million shall be deemed to have been paid-up towards the SGSB Subscription Consideration in respect of the SGSB RPS-B.

2.1.4 Basis and justification of arriving at the Reinvestment Shares Issue Price

Our Board has determined 9 March 2015 to be the price determination date of the Reinvestment Shares ("**Price Determination Date**"). The Reinvestment Shares Issue Price was arrived at after taking into consideration a premium of RM0.12 or 14.0% to the illustrative TERP of RM0.86, calculated based on the five (5)-day VWAP of Sunsuria Shares up to and including 5 March 2015, being the date immediately preceding the Price Determination Date of RM1.49. For illustrative purposes, the Reinvestment Shares Issue Price represents a discount of approximately 10.9% from the TERP of RM1.10, calculated based on the last transacted price of Sunsuria Shares on Bursa Securities on the LPD of RM1.98.

The Reinvestment Shares would not be entitled to the Rights Issue With Warrants.

The Reinvestment Shares Issue Price was negotiated between our Company with Datuk Ter after taking into consideration the future prospects of Sunsuria after the completion of the Proposals and the Fund Raising Exercise.

Nevertheless, in the event that the Rights Issue With Warrants is not implemented or cannot be completed, Sunsuria and Datuk Ter will renegotiate and mutually agree on the adjustments to be made on the Reinvestment Shares Issue Price and to the number of Reinvestment Shares, in accordance with **Section 2.7.3.11 of Part A** of this Circular.

For information purposes, the highest and lowest closing market prices of Sunsuria Shares on a monthly basis as traded on Bursa Securities for the past twelve (12) months up to April 2015 are set out below:

	High RM	Low RM
2014		
May	1.66	1.55
June	1.60	1.27
July	1.36	1.26
August	1.33	1.27
September	1.31	1.28
October	1.33	1.26
November	1.37	1.29
December	1.33	1.27
2015		
January	1.42	1.32
February	1.53	1.43
March	1.62	1.48
April	2.05	1.50

(Source: Bloomberg)

The last transacted price of Sunsuria Shares on Bursa Securities on 6 March 2015, being the last trading day prior to its suspension on 9 March 2015 was RM1.57.

The last transacted price of Sunsuria Shares on Bursa Securities on 19 May 2015, being the last practicable date prior to the printing of this Circular was RM1.98.

2.2 Details of the Proposed SMSB Acquisitions

The Proposed SMSB Acquisitions entails:

- (i) Datuk Ter and THK agreeing to sell and Sunsuria agreeing to purchase the Concord Sale Shares for a cash consideration of RM53,121,296.30; and
- (ii) TCSB agreeing to sell and Sunsuria agreeing to purchase the SMSB Sale Shares for a cash consideration of RM1,848,399.97,

in accordance with the terms and conditions of the respective SMSB SPAs.

The sale and purchase of the Concord Sale Shares and the SMSB Sale Shares will be free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Computation Date.

For information purposes, Concord is an investment holding company with its sole activity being holding of the SMSB Shares, representing 20% equity interest in SMSB. Upon the completion of the Proposed SMSB Acquisitions, the effective shareholding of Sunsuria in SMSB (via its direct holding of equity interest in SMSB under the Proposed SMSB Acquisition 2 and its indirect holding of equity interest in SMSB via Concord under the Proposed SMSB Acquisition 1) will amount to 262,500 SMSB Shares or 21% effective equity interest in SMSB.

In addition, pursuant to the terms of the SMSB SPA 2, our Company will also be paying TCSB, in return for the novation by TCSB to Sunsuria of an amount owing by SMSB to TCSB, of RM730,303.73, together with an interest rate equal to the Kuala Lumpur Interbank Offered Rate (KLIBOR) (12 months) plus 2% accrued up to the completion date of the Proposed SMSB Acquisition 2. The interest accrued up to the LPD amounted to RM20,828.

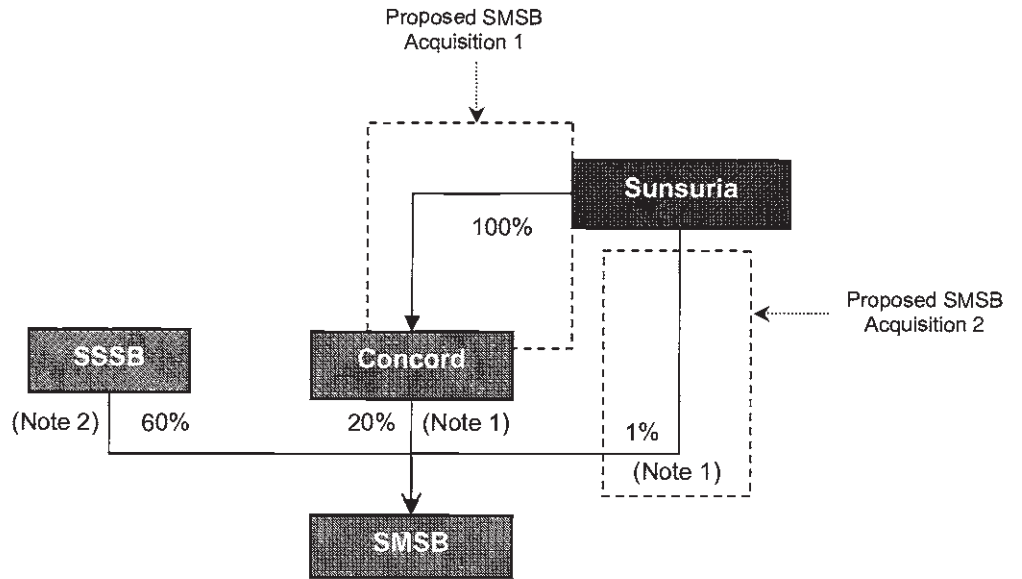
Further to the above, under the Existing SMSB SPSA, Concord is required to subscribe for additional 7,500 SMSB Shares at RM1.00 per SMSB Share on 30 September 2015. For information purposes, under the Existing SMSB SPSA, Creed is also required to subscribe for a further 92,500 SMSB Shares at RM1.00 per SMSB Share on 30 September 2015.

Arising from the intended future shares subscription in SMSB by Creed and Sunsuria (via Concord) in SMSB, the effective shareholding of Sunsuria in SMSB post-Proposed SMSB Acquisitions would amount to 270,000 SMSB Shares or 20% of the enlarged share capital of SMSB upon the completion of the Existing SMSB SPSA.

Further details on SMSB and Concord are set out in **Appendix I(C) and I(D)** respectively of this Circular.

Pursuant to the Proposed SMSB Acquisitions and the SMSB Shareholders' Agreement, Sunsuria will be granted the Put Option to require Creed to purchase all of the SMSB Shares held by Sunsuria and Concord and in return Creed is granted the Call Option to require both Sunsuria and Concord to sell all of their respective SMSB Shares held to Creed. Further details of the Put Option and Call Option are set out in **Section 2.7.1.7** of this Circular.

The equity structure of SMSB after the completion of the Proposed SMSB Acquisitions is depicted in the diagram below:



Notes:

- (1) Arising from the intended future shares subscription by Creed and Sunsuria (via Concord) in SMSB, the effective shareholding of Sunsuria in SMSB will amount to 20% of the enlarged share capital of SMSB.
- (2) Arising from the intended future sale of SDSB's 50% equity interest in SSSB by SDSB to Creed, SSSB will be a wholly-owned subsidiary of Creed.

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2.2.1 Basis and justification of arriving at the SMSB Consideration

The SMSB Consideration of RM54,969,696 was arrived at on a willing-buyer willing-seller basis in the following manner:

	RM	RM
Vacant parcels – Comparison method		
Market value as at the Computation Date ⁽¹⁾	480,000,000	
Less:		
Land cost as at 31 January 2015	(73,024,647)	
Outstanding land payment	(237,531,935)	
Revaluation surplus		169,443,418
On-going development – Residual method		
Market value as at the Computation Date ⁽¹⁾	120,000,000	
Audited net liabilities of SMSB as at 31 December 2014 ⁽²⁾	(6,484,512)	113,515,488
Indicative valuation for SMSB		282,958,906
Indicative valuation for:		
20% equity interest ⁽³⁾		56,591,781
21% equity interest		59,421,370
Total consideration ⁽⁴⁾		54,969,696

Notes:

(1) As valued by WTW vide its valuation report dated 12 February 2015.

(2) Inclusive of the advances from Concord and from TCSB to SMSB of RM14.6 million and RM0.73 million respectively as at 31 December 2014.

(3) After the future subscription of 7,500 and 92,500 new SMSB Shares by Concord and Creed respectively.

(4) As depicted in the table above, the indicative valuation of SMSB is RM282.9 million. The 20% equity interest in SMSB after taking into consideration the aforementioned valuation is RM56.6 million ("20% SMSB Valuation"). The SMSB Consideration of approximately RM55 million represents a discount of approximately RM1.6 million or 2.86% from the 20% SMSB Valuation.

The total SMSB Consideration comprises the SMSB Consideration 1 and the SMSB Consideration 2 is as follows:

	RM
SMSB Consideration 1	53,121,296 [^]
SMSB Consideration 2	1,848,400 [*]

[^] Derived based on approximately 19% of the 20% SMSB Valuation, which is the effective shareholding of Sunsuria in SMSB (via Concord) arising from the intended future shares subscription by Creed and Sunsuria (via Concord) in SMSB.

^{*} Derived based on approximately 1% of the 20% SMSB Valuation, which is the direct shareholding of Sunsuria in SMSB arising from the intended future shares subscription by Creed and Sunsuria (via Concord) in SMSB.

For information purposes, the outstanding shareholder's advances provided by Concord to SMSB amounts to approximately RM15.2 million as at the Computation Date. Under the terms of the SMSB SPA 1, Datuk Ter and THK (being the vendors of the Concord Sale Shares) shall procure that Concord and SMSB shall not without the prior written consent of Sunsuria declare, make or pay any dividend or other distribution, including any cash receivable by Concord arising from the repayment of such shareholder's advances by SMSB to Concord prior to the completion as contemplated under the SMSB SPA 1.

The comparison method used in assessing the vacant parcels of SMSB Properties entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility, visibility/exposure, size and shape of land, tenure, planning provisions, title restrictions if any and other relevant characteristics to arrive at the market value.

Under the residual method of valuation used in assessing the on-going developments of the SMSB Properties, consideration is given to the GDV (being the estimated gross proceeds obtainable from the completed development) of the project and deducting therefrom the estimated costs of development including construction costs, professional fees, contribution to authorities, marketing, administrative and legal fees, financing charges, contingencies and developer's profit. The resultant answer is then deferred over the period of time required for the completion of the project to arrive at the market value.

The residual method of valuation is chosen as the sole method of valuation as it is the most appropriate method which takes into account the benefit of development approval, the amount billed for sold units, the contract sum, costs for completed work and other development status.

2.2.2 Mode of settlement of SMSB Consideration

The SMSB Consideration will be satisfied in the following manner:

- (a) Proposed SMSB Acquisition 1
 - (i) RM10,624,259.26 in cash, representing 20% of the SMSB Consideration 1, has been paid by Sunsuria to Datuk Ter and THK or their nominees upon the execution of the SMSB SPA 1 as deposit and part payment of the SMSB Consideration 1; and
 - (ii) RM42,497,037.04 in cash, representing the remainder 80% of the SMSB Consideration 1, which shall constitute a debt due and owing by Sunsuria to Datuk Ter and THK or their nominees respectively, shall be paid by Sunsuria to Datuk Ter and THK or their nominees on or before the SMSB Payment Date.
- (b) Proposed SMSB Acquisition 2
 - (i) RM369,679.99 in cash, representing 20% of the SMSB Consideration 2 has been paid by Sunsuria to TCSB or its nominees upon the execution of the SMSB SPA 2 as deposit and part payment of the SMSB Consideration 2; and
 - (ii) RM1,478,719.98 in cash, representing the remaining 80% of the SMSB Consideration 2, which shall constitute a debt due and owing by Sunsuria to TCSB or its nominees, shall be paid by Sunsuria to TCSB on or before the SMSB Payment Date.

The debt due and owing by Sunsuria to Datuk Ter and THK of RM42.5 million and to TCSB of approximately RM1.5 million respectively, is in relation to the Proposed SMSB Acquisitions, which does not include the amount owing by SMSB to Concord and TCSB of RM15.2 million and RM0.73 million respectively as at the Computation Date.

The Proposed SMSB Acquisitions will be deemed completed upon the transfer of the Concord Sale Shares and SMSB Sale Shares (where applicable) to Sunsuria. Arising therefrom, any benefits accruing to Sunsuria post completion of the Proposed SMSB Acquisitions will accordingly be reflected in the financial statements of Sunsuria.

2.3 Proposed RNSB Subscription

2.3.1 Details of the Proposed RNSB Subscription

The Proposed RNSB Subscription entails the subscription by Sunsuria for:

- (i) 25.0 million new RNSB Shares, representing 99.01% of the enlarged issued and paid-up share capital of RNSB at the cash subscription price of RM25.0 million; and
- (ii) 32.0 million new RNSB RPS at the cash subscription price of RM32.0 million.

RNSB is presently undertaking the Suria Hills 2A and 2B development. The Proposed RNSB Subscription would result in Sunsuria holding 99.01% equity interest in RNSB.

Further details on RNSB and the principal terms of the RNSB RPS are set out in **Appendix I(E)** and **Appendix X** respectively of this Circular.

2.3.2 Basis and justification of arriving at the RNSB Subscription Consideration

The RNSB Subscription Consideration of RM57.0 million was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of Suria Hills 2A and 2B as at the Computation Date as appraised by WTW using the residual method of valuation, vide its valuation certificate dated 12 February 2015, of RM57.0 million.

The residual method of valuation is chosen as the sole method of valuation as Suria Hills 2A and 2B is an ongoing residential development where its earthwork and infrastructure works have started and some of the units have been sold. Under this method, consideration is given to the GDV of the project and deducting therefrom the estimated costs of development from the GDV such as preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the project.

Further details on Suria Hills 2A and 2B are set out in **Appendix III** of this Circular.

2.3.3 Mode of settlement of RNSB Subscription Consideration

RNSB shall, on the business day falling immediately after the RNSB Subscription Agreement becomes unconditional (i.e. all the conditions precedent set out in **Section 2.7.2.3 of Part A** of this Circular being obtained/fulfilled or waived), allot and issue the RNSB Subscription Shares to Sunsuria on the basis that the face value of the RNSB Subscription Shares is not fully paid-up as at the date of allotment. Sunsuria shall pay the RNSB Subscription Consideration to RNSB in cash within sixty (60) days after the completion date as contemplated under the RNSB Subscription Agreement.

2.4 Liabilities to be assumed by Sunsuria

Save for the repayment of advances on behalf of SMSB to TCSB of RM0.73 million pursuant to the terms of the SMSB SPA 2 and the repayment of Sime Darby Advances, there are no other liabilities, contingent liabilities or guarantees to be assumed by Sunsuria pursuant to the Proposals.

2.5 Source of funding

(RM'000)	Proposed SGSB Transactions	Proposed SDSDSB Acquisition	Proposed SMSB Acquisitions	Proposed RNSB Subscription
Total cash consideration	238.00	157.00	54.97	57.00
Less:				
- Proposed Reinvestment	(100.0)	-	-	-
- deposits paid	-	(15.70)	(10.99)	-
Balance Cash Consideration	138.00	141.30	43.98	57.00
Total Balance Cash Consideration				380.28

The deposits paid for the Proposed SDSDSB Acquisition and the Proposed SMSB Acquisitions amounting to approximately RM15.7 million and RM11.0 million respectively, were funded via internally generated funds of our Company and has been paid to the respective vendors.

The Balance Cash Consideration for the Proposals of approximately RM380.3 million is expected to be funded via a combination of internally-generated funds, funds from the Fund Raising Exercise (approximately RM380.1 million), as well as bank borrowings, the quantum of which has not been determined as at the LPD.

For information purposes, our Company is in the midst of completing the Fund Raising Exercise, which is pending implementation. Our Company had sought and obtained from Bursa Securities vide its letter dated 2 April 2015, an extension of time up to 10 October 2015 for the implementation of the Fund Raising Exercise.

2.6 Estimated financial commitments

Our Board does not foresee any other material financial commitments required to put the assets acquired on-stream, save for the following:

- (i) remaining unpaid land purchase consideration by SDSDSB for the Suria Serenia Land which amounts to RM246.7 million;
- (ii) future advances to be extended by Concord and/or Sunsuria to SMSB for the settlement of the unpaid land purchase consideration of which Sunsuria's portion based on a 21% effective equity interest in SMSB would amount to RM49.9 million as at the LPD, which is expected to crystallise at a later date for Sunsuria Medini; and
- (iii) the development costs to be incurred for the development of the landbanks and properties acquired pursuant to the Proposals.

The remaining land cost and cost to undertake the property development projects undertaken by the Identified Companies pursuant to the Proposals may be funded by our Group via bank borrowings, proceeds from the SGSB Subscription Consideration and/or internally generated funds after taking into consideration our Group's future gearing level and its working capital requirements.

The actual development costs to be incurred by our Group will depend on, amongst others, time span of the development projects, the type of development to be undertaken, financing cost as well as cost of raw materials, construction cost and other miscellaneous cost. The development plans and details have not been finalised as at the LPD.

2.7 Salient terms of the Subscription Agreements, the SDSDSB SPA and the SMSB SPAs

The salient terms of the Subscription Agreements, the SDSDSB SPA and the SMSB SPAs are as follows:

2.7.1 Salient terms of the SMSB SPAs in relation to the Proposed SMSB Acquisitions

2.7.1.1 Due diligence exercise

Sunsuria shall within a period of sixty (60) business days following the execution of the respective SMSB SPAs, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of Concord and SMSB by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the respective SMSB SPAs ("**Due Diligence of Concord and SMSB**"), at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of Concord and SMSB, and the Vendors shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the Due Diligence of Concord and SMSB.

2.7.1.2 Conditions precedent

The Proposed SMSB Acquisitions are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the respective SMSB SPAs, or such later date as the parties to the respective SMSB SPAs may mutually agree ("**SPA Cut-Off Date**"):

- (a) the approval of the Shareholders at an EGM to be convened for the Proposed SMSB Acquisitions in accordance with the terms and conditions of the respective SMSB SPAs;
- (b) the approval or consent of the financiers/creditors of Concord and SMSB for, *inter alia*, the sale and transfer of the Concord Sale Shares and the SMSB Sale Shares in favour of Sunsuria, upon the terms and subject to the conditions of the respective SMSB SPAs, where required;

- (c) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving Concord and SMSB, where required, in each case to the extent that at the completion of the respective SMSB SPAs the same remain to be completed or performed or remain in force;
- (d) Sunsuria being satisfied with the results of the Due Diligence of Concord and SMSB;
- (e) in the case of the Proposed SMSB Acquisition 1, all conditions precedent in connection with the Proposed SMSB Acquisition 2 having been fulfilled or obtained in accordance with the terms and conditions of the SMSB SPA 2 (where applicable) other than the condition precedent set out in **Section 2.7.1.2(f) of Part A** of this Circular;
- (f) in the case of the Proposed SMSB Acquisition 2, all conditions precedent in connection with the Proposed SMSB Acquisition 1 having been fulfilled or obtained in accordance with the terms and conditions of the SMSB SPA 1 (where applicable) other than the condition precedent set out in **Section 2.7.1.2(e) of Part A** of this Circular; and
- (g) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties to the respective SMSB SPAs.

As at the LPD, the aforesaid conditions precedent in respect of the Proposed SMSB Acquisitions have not been obtained/fulfilled by the parties.

2.7.1.3 Termination in the event any conditions precedent is not fulfilled

If:

- (a) on the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (d) at any time prior to the expiry of the SPA Cut-Off Date, Sunsuria has notified the respective Vendors in writing that it is not satisfied in respect of any part of the results of the Due Diligence of Concord and SMSB,

then Sunsuria shall be entitled to terminate the respective SMSB SPAs by giving a notice of termination to that effect to the respective Vendors, whereupon the respective Vendors shall refund and repay to Sunsuria, or procure the refund and repayment to Sunsuria of all moneys paid by Sunsuria including the deposits referred to in **Sections 2.2.2(a)(i) of Part A** and **2.2.2(b)(i) of Part A** of this Circular, free of interest and thereafter, the parties shall not have any further rights under the respective SMSB SPAs except in respect of:

- (i) any obligation under the respective SMSB SPAs which is expressed to apply after the termination of the respective SMSB SPAs; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the respective SMSB SPAs to either party to the respective SMSB SPAs prior to such termination.

2.7.1.4 Valuation of Concord and SMSB

- (a) The respective Vendors acknowledge and agree that Sunsuria has prior to the date of the respective SMSB SPAs engaged WTW for the purposes of valuing *inter alia* the market value of the respective properties held by Concord and SMSB as at the Computation Date.
- (b) In the event that the market value of the properties held by Concord and SMSB as at the Computation Date shall be varied/adjusted pursuant to any comments provided by the relevant authorities on valuation reports prepared by WTW, the respective sale and purchase consideration payable by Sunsuria to the respective Vendors for the purchase of the Concord Sale Shares and the SMSB Sale Shares pursuant to the respective SMSB SPAs and the post-completion sum referred to in **Section 2.2.2(a)(ii) of Part A** and **2.2.2(b)(ii) of Part A** of this Circular (“**Post-Completion Sum**”) shall be adjusted upwards or downwards accordingly (“**Purchase Consideration Adjustment**”), and the SMSB Consideration and such Post-Completion Sum shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (b).
- (c) Notwithstanding the foregoing provisions of this paragraph and any other provision of the SMSB SPAs, if the Purchase Consideration Adjustment pursuant to the provisions of **Section 2.7.1.4(b) of Part A** shall amount to more than 5%* of any of the SMSB Consideration 1 or the SMSB Consideration 2, the parties to the respective SMSB SPAs shall be entitled to give notice to the other party immediately terminating the respective SMSB SPAs.

Note:

* Being the basis for the parties to ascertain the materiality threshold which warrants for adjustments.

2.7.1.5 TCSB's advances

- (a) Sunsuria and TCSB acknowledge and covenant that SMSB is and shall as at the completion date as contemplated under the SMSB SPA 2 be free of any claims or debts relating to loans or advances extended to SMSB by TCSB, which amount to an aggregate sum of RM730,303.73 ("**TCSB's Advances**") as at the date of the SMSB SPA 2.
- (b) Accordingly, Sunsuria and TCSB agree and covenant that on completion of the SMSB SPA 2, Sunsuria shall repay the TCSB's Advances together with interest accrued at the rate prescribed in a deed in respect of group contribution dated 21 November 2014 issued by SMSB to SHSB, Concord and TCSB up to the date of completion of the SMSB SPA 2 to TCSB on behalf of SMSB and pursuant thereto, Sunsuria, TCSB and SMSB shall execute a deed of novation in respect of the novation and transfer to Sunsuria of all TCSB's rights, title, interest and benefits whatsoever of, in and to the TCSB's Advances.
- (c) In addition to the TCSB's Advances extended by TCSB to SMSB prior to the date of the SMSB SPA 2, Sunsuria acknowledges that TCSB and Concord (both being the shareholders of SMSB who jointly own 21% of the issued and paid-up share capital of SMSB) have agreed to collectively advance SMSB an unsecured shareholder's loan facility of up to the sum of RM2,500,000.00 pursuant to the terms of an existing loan agreement dated 21 November 2014 entered into with SMSB. Sunsuria agrees and undertakes that in the event TCSB grants and extends the shareholder's loan facility or any part thereof to SMSB after the date of the SMSB SPA 2 pursuant to the terms of such loan agreement, Sunsuria shall:
 - (i) procure SMSB to fully repay such shareholder's loan facility granted and extended by TCSB to SMSB pursuant to such loan agreement on the completion date of the SMSB SPA 2; or
 - (ii) repay such shareholder's loan facility to TCSB on behalf of SMSB and pursuant thereto, the parties agree and they shall on the completion date of the SMSB SPA 2, execute a deed of novation in respect of the novation and transfer to Sunsuria of all TCSB's rights, title, interest and benefits whatsoever of, in and to such shareholder's loan facility granted pursuant to the existing loan agreement.

2.7.1.6 Tax

- (a) The respective Vendors will be responsible for paying and settling all RPGT (if any) payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs as may be assessed by the Director-General of Inland Revenue under the provisions of the RPGT Act.

- (b) The respective Vendors shall keep Sunsuria indemnified against all claims, costs, damages, fines or penalties which may be brought, suffered or levied against Sunsuria as a result of the respective Vendors not complying with any of the provisions of the RPGT Act, including any claims by the Director-General of Inland Revenue arising from any default in payment of any RPGT payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs.
- (c) In respect of the SMSB SPA 1:
- (i) The respective vendors, namely Datuk Ter and THK, and Sunsuria warrant and confirm that Concord is deemed by the relevant tax authorities to be a 'real property company' under the RPGT Act.
 - (ii) The respective vendors, namely Datuk Ter and THK warrant and confirm that there are no chargeable gains arising from the disposal of the Concord Sale Shares and accordingly such disposal of the Concord Sale Shares is deemed to be a "no gain no loss" transaction under the RPGT Act. Accordingly, the parties agree that there shall not be any amount of moneys retained from the SMSB Consideration 1 for the purposes of payment of RPGT.
- (d) In respect of the SMSB SPA 2:
- (i) TCSB and Sunsuria warrant and confirm that SMSB is deemed by the relevant tax authorities to be a 'real property company' under the RPGT Act.
 - (ii) In the event there shall be any RPGT payable on the disposal of the SMSB Sale Shares under law, Sunsuria is authorised to:
 - (1) retain a sum equivalent to 3% of the SMSB Consideration 2 pursuant to Section 21B of the RPGT Act; and
 - (2) pay and/or deal with such retention sum or any portion thereof in any manner that may be directed by the Director-General of Inland Revenue or the RPGT Act or any amendments or statutory modification or any orders thereof by submitting the necessary forms to the Director General of Inland Revenue and comply with all necessary directives that may be issued by the Director General of Inland Revenue (if applicable).
 - (iii) If the retention sum is insufficient to pay for the RPGT payable on the disposal of the SMSB Sale Shares pursuant to the SMSB SPA 2, TCSB will upon being notified thereof, immediately pay the difference to the Director-General of Inland Revenue.

2.7.1.7 Deed of accession under the SMSB Shareholders' Agreement

- (a) TCSB and Sunsuria acknowledge that Sunsuria shall on completion of the SMSB SPA 2, execute a deed of accession to observe, perform and be bound by all terms of the SMSB Shareholders' Agreement and assume all the obligations of TCSB with respect to the SMSB Sale Shares in every respect, which are capable of applying to Sunsuria as a shareholder of SMSB, as if it is a party to the SMSB Shareholders' Agreement.
- (b) Sunsuria acknowledges and confirms that following the execution of the deed of accession, pursuant to the terms of the SMSB Shareholders' Agreement, during the period commencing from 1 April 2016 until 31 October 2016 (inclusive of both dates):
- (i) Sunsuria shall have an option to require Creed to purchase all (but not some only) of the SMSB Shares then held by Sunsuria at a purchase price per SMSB Share equal to the Creed's acquisition cost per SMSB Share, which is equal to RM147.94 per SMSB Share (if the number of SMSB Shares remain unaltered from 28 November 2014* ("**Effective Date**")).

Note:

* Being the completion date on which Creed subscribed and/or acquired an effective stake of 612,500 SMSB Shares and Concord subscribed for an additional 12,500 SMSB Shares.

- (ii) Creed shall have an option to require Sunsuria to sell all (but not some only) of the SMSB Shares held by Sunsuria at the following price per SMSB Share in column 2 of the table below if the call option is exercised during the period as set forth in column 1 of the table below:

Column 1	Column 2
Call Period	Price per Share
1 April 2016 to 30 September 2016 (inclusive of both dates)	115% of the Creed's acquisition cost per share which is equal to RM170.13 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).
1 October 2016 to 31 October 2016 (inclusive of both dates)	120% of the Creed's acquisition cost per share which is equal to RM177.52 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).

2.7.1.8 Termination of the SMSB SPAs

- (a) Each party to the respective SMSB SPAs shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the respective SMSB SPAs, the other party commits any continuing or material breach of any of its obligations under the respective SMSB SPAs which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice to do so, or *inter alia*, a winding up or insolvency events occurs.
- (b) If the respective SMSB SPAs are terminated by the relevant Vendors and the relevant Vendors elect not to pursue the remedy of specific performance, the relevant Vendors shall, within fourteen (14) days after issuance of the notice of termination, return, refund and repay to Sunsuria any and all moneys in excess of a sum equivalent to 10% of the purchase consideration (which shall be forfeited as agreed liquidated damages) held by or on behalf of the relevant Vendors pursuant to the terms of the respective SMSB SPAs, free of interest (if any), and Sunsuria shall, in exchange with the performance by the respective Vendors of such obligations, within fourteen (14) days after Sunsuria's receipt of the notice of termination, return to the relevant Vendors all documents, if any, delivered to it by or on behalf of Concord, SMSB or the relevant Vendors. Thereafter, the relevant Vendors shall in exchange with the performance by Sunsuria of such obligations, return to Sunsuria all documents, if any, delivered to them by or on behalf of Sunsuria.
- (c) If the respective SMSB SPAs are terminated by Sunsuria and Sunsuria elects not to pursue the remedy of specific performance, the relevant Vendors shall, within fourteen (14) days after receipt of the notice of termination, return to Sunsuria all documents, if any, delivered to it by or on behalf of Sunsuria, procure that Concord and SMSB to return to Sunsuria all such documents (if any), return, refund and repay to Sunsuria any and all moneys (including the deposit) (if any) received by the relevant Vendors towards account of the purchase consideration held by or on behalf of the relevant Vendors pursuant to the terms of the respective SMSB SPAs, together with any interest accrued thereon (if any), and pay a sum equivalent to 10% of the purchase consideration as agreed liquidated damages to Sunsuria. Sunsuria shall, in exchange for the performance by the relevant Vendors of such obligations, within fourteen (14) days after the notice of termination, return to the relevant Vendors all documents, if any, delivered to it by or on behalf of Concord, SMSB or the relevant Vendors.

2.7.1.9 Vendors' rights upon non-payment of the Post-Completion Sum

- (a) The Vendors agree, confirm and acknowledge that in the event that Sunsuria breaches its obligation under the respective SMSB SPAs to pay and settle any part of the Post-Completion Sum on or before the SMSB Payment Date, respectively, the Vendors shall be entitled to initiate such action as may be available to the Vendors in law to recover or claim for the outstanding part of the Post-Completion Sum solely on the basis of the Post-Completion Sum being a debt due from Sunsuria to the Vendors.
- (b) The Vendors agree, confirm and acknowledge that notwithstanding any other provisions of the SMSB SPAs, the Vendors shall not be entitled to terminate the respective SMSB SPAs on account of any such non-payment of the Post-Completion Sum or to initiate any action which may require Sunsuria to re-transfer the Concord Sale Shares and the SMSB Sale Shares to the respective Vendors or to discharge any charge or other security entered over the Concord Sale Shares and the SMSB Sale Shares on behalf of Sunsuria or otherwise howsoever for beach on the part of Sunsuria arising from such non-payment.

2.7.1.10 Vendors entitled to appoint a nominee

The parties agree that, at any time prior to the completion of the respective SMSB SPAs, the Vendors will be entitled to appoint a nominee to receive and accept the purchase consideration in place of the respective Vendors by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, Sunsuria undertakes to pay the purchase consideration to the said nominee at the sole and absolute costs and expenses of the respective Vendors or their nominee(s) and provided always that the respective Vendors shall fully indemnify Sunsuria for all and any costs and expenses thereby incurred in respect thereof.

2.7.2 Salient terms of the RNSB Subscription Agreement

2.7.2.1 RNSB Subscription Consideration

- (a) Sunsuria, RNSB and SDSB (being the existing shareholder of RNSB) have agreed that notwithstanding that the RNSB Subscription Consideration shall not have been paid as at the completion of the RNSB Subscription Agreement, RNSB shall on the completion date of the RNSB Subscription Agreement, proceed with the allotment and issuance of the relevant RNSB Subscription Shares to Sunsuria. Upon completion of such obligations, the RNSB Subscription Agreement shall be deemed to have been completed and the RNSB Subscription Consideration shall thereupon constitute a debt due and owing from Sunsuria to RNSB, which shall be payable by Sunsuria to RNSB in accordance with the provisions of **Section 2.3.3 of Part A** of this Circular.

- (b) The RNSB Subscription Shares shall be issued:
 - (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title;
 - (ii) with all rights attaching thereto (including, in the case of the RNSB Shares, all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of their allotment; and
 - (iii) in the case of the RNSB RPS, with such rights, privileges and restrictions as set out in **Appendix X** of this Circular.

2.7.2.2 RNSB Due Diligence

Sunsuria shall within a period of sixty (60) business days following the execution of the RNSB Subscription Agreement, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of RNSB by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the RNSB Subscription Agreement ("**RNSB Due Diligence**") at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of RNSB and SDSB shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the RNSB Due Diligence.

2.7.2.3 Conditions precedent

The Proposed RNSB Subscription is conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the RNSB Subscription Agreement, or such later date as the parties to the RNSB Subscription Agreement may mutually agree ("**RNSB SA Cut-Off Date**"):

- (a) RNSB having obtained the approval of SDSB (whether in a general meeting or by way of a circular resolution) to the amendments of RNSB's memorandum and articles and association and the issuance of the RNSB Subscription Shares upon the terms and conditions of the RNSB Subscription Agreement, if required;
- (b) the amendment of the articles and association of RNSB to incorporate the terms of the RNSB Subscription Agreement and the rights, privileges and restrictions of the RNSB RPS as set out under **Appendix X** of this Circular to the satisfaction of the parties to the RNSB Subscription Agreement;
- (c) the lodgement of relevant forms with the Registrar of Companies in relation to the increase of the authorised share capital and amendment of the memorandum and articles of association of RNSB, where required;
- (d) the approval of Shareholders at an EGM to be convened for the Proposed RNSB Subscription in accordance with the terms and conditions of the RNSB Subscription Agreement;

- (e) the approval or consent of the financiers/creditors of RNSB for, *inter alia*, the issuance and allotment of the RNSB Subscription Shares in favour of Sunsuria, upon the terms and subject to the conditions of the RNSB Subscription Agreement, where required;
- (f) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving RNSB, where required, in each case to the extent that at the completion of the RNSB Subscription Agreement the same remain to be completed or performed or remain in force;
- (g) Sunsuria being satisfied with the results of the RNSB Due Diligence; and
- (h) all other approvals, waivers or consents of any authorities or parties as may be necessary or required by law or regulation or deemed necessary by the parties to the RNSB Subscription Agreement.

As at the LPD, the aforesaid conditions precedent in respect of the Proposed RNSB Subscription have not been obtained/fulfilled by the parties.

2.7.2.4 Termination in the event any conditions precedent is not fulfilled

lf:

- (a) on the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (d) at any time prior to the expiry of the RNSB SA Cut-Off Date, Sunsuria has notified RNSB and SDSB in writing that it is not satisfied in respect of any part of the results of the RNSB Due Diligence,

then Sunsuria shall be entitled to terminate the RNSB Subscription Agreement by giving a notice of termination to that effect to RNSB and SDSB, whereupon the parties shall not have any further rights under the RNSB Subscription Agreement except in respect of:

- (1) any obligation under the RNSB Subscription Agreement which is expressed to apply after the termination of the RNSB Subscription Agreement; and
- (2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the RNSB Subscription Agreement to either party of the RNSB Subscription Agreement prior to such termination.

2.7.2.5 Valuation of RNSB

- (a) RNSB and SDSB acknowledge and agree that Sunsuria has prior to the date of the RNSB Subscription Agreement engaged WTW for the purposes of valuing *inter alia* the market value of Suria Hills 2A and 2B as at the Computation Date.
- (b) In the event that the market value of Suria Hills 2A and 2B as at the Computation Date shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation report prepared by WTW, the RNSB Subscription Consideration and the number of the RNSB RPS shall be adjusted upwards or downwards accordingly.
- (c) Notwithstanding the foregoing provisions of this paragraph and any other provision of the RNSB Subscription Agreement, if the adjustment pursuant to **Section 2.7.2.5(b) of Part A** of this Circular shall amount to more than 5%* of the aggregate RNSB Subscription Consideration, either party shall be entitled to give notice to the other party immediately terminating the RNSB Subscription Agreement.

Note:

* *Being the basis for the parties to ascertain the materiality threshold which warrants for adjustments.*

2.7.2.6 Stamp duty and/or registration charges

RNSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the RNSB Subscription Agreement and the subscription for and issuance of the RNSB Subscription Shares, if applicable.

2.7.2.7 Termination of the RNSB Subscription Agreement

- (a) Each party to the RNSB Subscription Agreement shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the RNSB Subscription Agreement, the other party commits any continuing or material breach of any of its obligations under the RNSB Subscription Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or *inter alia*, a winding up or insolvency events occurs.
- (b) If a notice terminating the RNSB Subscription Agreement is duly given by either of the parties to the RNSB Subscription Agreement, and such parties elect not to pursue the remedy of specific performance, then within fourteen (14) business days of the giving of the notice:

- (1) all documents, records and other information delivered by a party to any other party or the other parties collectively pursuant to or connected with the RNSB Subscription Agreement shall be returned to the relevant party or parties;
- (2) any and all moneys (if any) received by RNSB forming the whole or any part of the RNSB Subscription Consideration pursuant to the terms of the RNSB Subscription Agreement, free from any interest accrued thereon (if any), shall be returned, refunded and repaid to Sunsuria; and
- (3) neither party to the RNSB Subscription Agreement shall have any further rights or obligations under the RNSB Subscription Agreement to the other party except in respect of:
 - (i) any rights or obligations under the RNSB Subscription Agreement which are expressed to apply after the termination of the RNSB Subscription Agreement; and
 - (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the RNSB Subscription Agreement to either party prior to such termination.

2.7.3 Salient terms of the SGSB Subscription Agreement and Supplemental SGSB Subscription Agreement

2.7.3.1 SGSB Subscription Consideration

- (a) Sunsuria, SGSB, Datuk Ter and Datin Kwan (being the existing shareholders of SGSB) have agreed that notwithstanding that the SGSB Subscription Consideration shall not have been paid (via cash and the Reinvestment Shares) as at the completion of the SGSB Subscription Agreement, SGSB shall on the completion date of the SGSB Subscription Agreement, proceed with the allotment and issuance of the relevant SGSB Subscription Shares and SGSB Subscription RPS-B to Sunsuria and the completion of its obligations set out in the SGSB Subscription Agreement. Upon completion of such obligations, the SGSB Subscription Agreement shall be deemed to have been completed and the SGSB Subscription Consideration (net of the Reinvestment Amount) shall thereupon constitute a debt due and owing from Sunsuria to SGSB, which shall be payable by Sunsuria to SGSB in accordance with the provisions of **Section 2.1.3(a) of Part A** of this Circular.

- (b) The SGSB Subscription Shares and the SGSB Subscription RPS-B shall be issued:
 - (i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title;
 - (ii) with all rights attaching thereto (including, in the case of the SGSB Subscription Shares, all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of their allotment; and
 - (iii) in the case of the SGSB Subscription RPS-B, with such rights, privileges and restrictions as set out in **Appendix IX** of this Circular.

2.7.3.2 SGSB Due Diligence

Sunsuria shall within a period of sixty (60) business days following the execution of the SGSB Subscription Agreement, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of the SGSB Group by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the SGSB Subscription Agreement ("**SGSB Due Diligence**") at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of the SGSB Group and SGSB and Datuk Ter and Datin Kwan shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the SGSB Due Diligence.

2.7.3.3 Conditions precedent

The Proposed SGSB Subscription and the Proposed Reinvestment are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the SGSB Subscription Agreement, or such later date as the parties to the SGSB Subscription Agreement may mutually agree ("**SGSB SA Cut-Off Date**"):

- (a) SGSB having obtained the approval of Datuk Ter and Datin Kwan (whether in a general meeting or by way of a circular resolution) to the amendments of SGSB's memorandum and articles of association and the issuance of the SGSB Subscription Shares and the SGSB Subscription RPS-B upon the terms and conditions of the SGSB Subscription Agreement, if required;
- (b) the amendment of the articles of association of SGSB to incorporate the terms of the SGSB Subscription Agreement and the rights, privileges and restrictions of the SGSB RPS-B as set out under **Appendix IX** of this Circular to the satisfaction of the parties to the SGSB Subscription Agreement;
- (c) the lodgement of relevant forms with the Registrar of Companies in relation to the increase of the authorised share capital and amendment of the memorandum and articles of association of SGSB, where required;

- (d) the approval the Shareholders at an EGM to be convened for the Proposed SGSB Subscription and the Proposed Reinvestment in accordance with the terms and conditions of the SGSB Subscription Agreement;
- (e) the approval or consent of the financiers/creditors of the SGSB Group for, inter alia, the issuance and allotment of the SGSB Subscription Shares and the SGSB Subscription RPS-B in favour of Sunsuria, upon the terms and subject to the conditions of the SGSB Subscription Agreement, where required;
- (f) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving the SGSB Group, where required, in each case to the extent that at the completion of the SGSB Subscription Agreement the same remain to be completed or performed or remain in force;
- (g) the approval or consent of Bursa Securities for the listing of and quotation for the Reinvestment Shares, where required;
- (h) Sunsuria being satisfied with the results of the SGSB Due Diligence; and
- (i) all other approvals, waivers or consents of any authorities or parties as may be necessary or required by law or regulation or deemed necessary by the parties to the SGSB Subscription Agreement.

As at the LPD, the aforesaid conditions precedent in respect of the Proposed SGSB Subscription have not been obtained/fulfilled by the parties.

2.7.3.4 Termination in the event any conditions precedent is not fulfilled

If:

- (a) on the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or

- (d) at any time prior to the expiry of the SGSB SA Cut-Off Date, Sunsuria has notified SGSB, Datuk Ter and Datin Kwan in writing that it is not satisfied in respect of any part of the results of the SGSB Due Diligence,

then Sunsuria shall be entitled to terminate the SGSB Subscription Agreement by giving a notice of termination to that effect to SGSB, Datuk Ter and Datin Kwan, whereupon the parties shall not have any further rights under the SGSB Subscription Agreement except in respect of:

- (1) any obligation under the SGSB Subscription Agreement which is expressed to apply after the termination of the SGSB Subscription Agreement; and
- (2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SGSB Subscription Agreement to either party of the SGSB Subscription Agreement prior to such termination.

2.7.3.5 Valuation of SGSB

- (a) SGSB, Datuk Ter and Datin Kwan acknowledge and agree that Sunsuria has prior to the date of the SGSB Subscription Agreement engaged:
 - (i) WTW for the purposes of valuing *inter alia* the market value of Suria Serenia Land as at 10 February 2015 and
 - (ii) EY for the purposes of the independent enterprise valuation of SGSB as at 31 December 2014.
- (b) In the event that the market value of Suria Serenia Land as at 10 February 2015 shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation report prepared by WTW by an amount of more than 5% of the aggregate SGSB Subscription Consideration, either party shall be entitled to give notice to the other party immediately terminating the SGSB Subscription Agreement.

2.7.3.6 Stamp duty and/or registration charges

SGSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the SGSB Subscription Agreement and the subscription for and issuance of the SGSB Subscription Shares and SGSB Subscription RPS-B, if applicable.

2.7.3.7 Issuance of further SGSB RPS-A

SGSB may at any time during the period prior and up to the completion date as contemplated under the SGSB Subscription Agreement without the prior written consent of Sunsuria being required, issue to Datuk Ter a further up to 11,054,358 SGSB RPS-A by way of capitalisation of shareholders' advances provided by Datuk Ter to SGSB, so that the total number of SGSB RPS-A in issue as at the completion date of the SGSB Subscription Agreement shall in aggregate be up to 26,000,000 SGSB RPS-A.

For the avoidance of doubt, the issuance of further SGSB RPS-A in SGSB in excess of an aggregate 26,000,000 SGSB RPS-A shall require the prior written consent of Sunsuria*.

Note:

* For information purposes, any further issuance of SGSB RPS-A will be subject to the maximum aggregate redemption sum of RM168,390,000 as stipulated in **Sections 2.7.3.8 and 2.7.3.9** below.

2.7.3.8 Maximum aggregate redemption sum

Notwithstanding any such further issuance of SGSB RPS-A pursuant to **Section 2.7.3.7** above and notwithstanding any other provision of the SGSB Subscription Agreement, the aggregate maximum redemption sum payable for full and final capital redemption of all SGSB RPS-A issued or to be issued by SGSB shall be fixed and not under any circumstances whatsoever exceed a sum of RM168,390,000.

2.7.3.9 Full redemption of SGSB RPS-A

SGSB shall on the SGSB Payment Date redeem and cancel all SGSB RPS-A then in issue which are held by Datuk Ter. For the avoidance of doubt, the full and final capital redemption amount payable to redeem all outstanding SGSB RPS-A issued or to be issued by SGSB shall in aggregate amount to a maximum sum of RM168,390,000, as referred to in **Section 2.7.3.8** above.

2.7.3.10 Subscription by Datuk Ter for Reinvestment Shares and set-off arrangement

- (a) Datuk Ter irrevocably undertakes that immediately upon SGSB notifying Datuk Ter of the Proposed Full and Final Capital Return of RPS-A, Datuk Ter shall on the SGSB Payment Date subscribe for, and Sunsuria agrees to allot and issue to Datuk Ter or his nominee(s), 102,040,816 Reinvestment Shares at an issue price of RM0.98 per Reinvestment Share, amounting to an aggregate subscription price of RM100,000,000.
- (b) The parties have agreed that upon Datuk Ter subscribing for the Reinvestment Shares:
 - (i) the Reinvestment Amount shall be wholly set-off against part of the redemption sum payable by SGSB in respect of the Proposed Full and Final Capital Return of RPS-A; and
 - (ii) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the SGSB Subscription Consideration in respect of the SGSB RPS-B, as referred to in **Section 2.1.3(a) of Part A** of this Circular.
- (c) The parties have agree and covenant that SGSB shall pay the sum of RM68,390,000 in cash to Datuk Ter after the completion of the set-off arrangement referred to in paragraph (b) above, being the remaining capital redemption sum payable by SGSB to Datuk Ter in respect of the Proposed Full and Final Capital Return of RPS-A.

2.7.3.11 Rights Issue With Warrants

In the event that the Rights Issue With Warrants is aborted by Sunsuria or the Rights Issue With Warrants does not complete for any reason whatsoever by the SGSB Payment Date (as may be extended by mutual agreement of the parties from time to time), the parties shall enter into *bona fide* negotiations with a view to mutually agree on such adjustment to the Reinvestment Shares Issue Price and the number of the Reinvestment Shares to be issued as may be appropriate to take into account the relevant change in circumstances.

2.7.3.12 Listing of and quotation for the Reinvestment Shares

Following the allotment and issuance of the Reinvestment Shares, Sunsuria shall take all steps as may be necessary to procure that the Reinvestment Shares are listed and quoted on Bursa Securities within 21 business days after the date of the allotment and issuance of the Reinvestment Shares and credited into the Bursa Securities Central Depository System account designated in writing by Datuk Ter or his nominee(s).

2.7.3.13 Datuk Ter entitled to appoint nominee(s)

The parties agree that, at any time prior to the SGSB Payment Date, Datuk Ter will be entitled to appoint nominee(s) to receive and accept the Reinvestment Shares in place of Datuk Ter by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee(s). In the event of such nomination, Sunsuria undertakes to allot and issue the Reinvestment Shares to the said nominee(s) at the sole and absolute costs and expenses of Datuk Ter or his nominee(s) and provided always that Datuk Ter shall fully indemnify Sunsuria for all and any costs and expenses thereby incurred in respect thereof.

2.7.3.12 Termination of the SGSB Subscription Agreement

- (a) Each party to the SGSB Subscription Agreement shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the SGSB Subscription Agreement, the other party commits any continuing or material breach of any of its obligations under the SGSB Subscription Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or *inter alia*, a winding up or insolvency events occurs.

- (b) If a notice terminating the SGSB Subscription Agreement is duly given by either of the parties to the SGSB Subscription Agreement, and such parties elect not to pursue the remedy of specific performance, then within fourteen (14) business days of the giving of the notice:
- (1) all documents, records and other information delivered by a party to any other party or the other parties collectively pursuant to or connected with the SGSB Subscription Agreement shall be returned to the relevant party or parties;
 - (2) any and all moneys (if any) received by SGSB forming the whole or any part of the SGSB Subscription Consideration pursuant to the terms of the SGSB Subscription Agreement, free from any interest accrued thereon (if any), shall be returned, refunded and repaid to Sunsuria;
 - (3) neither party to the SGSB Subscription Agreement shall have any further rights or obligations under the SGSB Subscription Agreement to the other party except in respect of:
 - (i) any rights or obligations under the SGSB Subscription Agreement which are expressed to apply after the termination of the SGSB Subscription Agreement; and
 - (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SGSB Subscription Agreement to either party prior to such termination.

2.7.4 Salient terms of the SDSDSB SPA

2.7.4.1 SDSDSB Due Diligence Exercise

- (a) Sunsuria shall be entitled to embark on and complete the process of examination and verification of the financial and other affairs of SDSDSB by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the SDSDSB SPA ("**SDSDSB Due Diligence**") at its own costs and expenses by 2 June 2015 ("**Due Diligence Period**"), whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of SDSDSB and Sime Darby Property, being the vendor shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the SDSDSB Due Diligence.

- (b) Should the SDSDSB Due Diligence yield findings that certain events or circumstances are present which are not satisfactory to Sunsuria, Sunsuria or its solicitors shall notify Sime Darby Property or Sime Darby Property's solicitors of such unsatisfactory matter(s) at any time prior to the expiry of a period of three (3) business days after the last day of the Due Diligence Period, failing which Sunsuria shall be deemed to have waived the right to terminate the SDSDSB SPA by virtue of non-fulfilment of the condition precedent relating to the SDSDSB Due Diligence referred to in **Section 2.7.4.2(g)** herein.
- (c) Sunsuria shall within a period of fourteen (14) days from the date of receipt of the disclosure letter (which is required to be issued by Sime Darby Property to Sunsuria within fourteen (14) days after the date of the SDSDSB SPA) ("**Disclosure Letter**") issue a written confirmation to Sime Darby Property confirming whether it is satisfied with the contents of the disclosure letter. Sunsuria shall be deemed to be satisfied with the contents of the disclosure letter if Sime Darby Property does not receive any written confirmation to the contrary from Sunsuria within such fourteen (14) days period.

2.7.4.2 Conditions precedent

The Proposed SDSDSB Acquisition is conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) by 25 June 2015, or such later date as the parties to the SDSDSB SPA may mutually agree upon ("**SDSDSB SPA Cut-Off Date**"):

- (a) the approval of the Shareholders at an EGM to be convened for the Proposed SDSDSB Acquisition in accordance with the terms and conditions of the SDSDSB SPA;
- (b) the approval or consent of the financiers/creditors of SDSDSB for, *inter alia*, the sale and transfer of the SDSDSB Sale Share in favour of Sunsuria, upon the terms and subject to the conditions of the SDSDSB SPA, if applicable;
- (c) Sime Darby Property being the vendor having received a letter of consent and undertaking from SGSB that SGSB agrees to waive the rights of pre-emption granted by Sime Darby Property to SGSB pursuant to the terms of the SDSDSB Shareholders' Agreement and undertakes to do such acts so as to facilitate the sale and purchase of the SDSDSB Sale Share under the SDSDSB SPA, and not to commit any act which will impede, restrict, prevent or frustrate the sale and purchase of the SDSDSB Sale Share under the SDSDSB SPA or cause the breach of any warranty or undertaking entered into by Sime Darby Property under the SDSDSB SPA;

- (d) Sime Darby Property being the vendor having furnished an undertaking to SGSB that it shall do such acts so as to facilitate the transaction as contemplated under the SGSB Subscription Agreement, and not to commit any act which will impede, restrict, prevent or frustrate such transaction contemplated therein or cause the breach of any warranty or undertaking entered into by SGSB under the SGSB Subscription Agreement;
- (e) the execution of an underwriting agreement entered or to be entered into between Sunsuria (as issuer) and the relevant underwriters relating to the Rights Issue With Warrants, pursuant to which the underwriters agree to underwrite the subscription by shareholders of Sunsuria for the remaining open portion of the rights shares to be issued under the Rights Issue With Warrants in relation to which substantial shareholders of Sunsuria have not given their respective subscription undertakings, subject to the terms and conditions contained in such underwriting agreement by Sunsuria with the relevant underwriter(s);
- (f) the announcement of the books closure date in respect of the Rights Issue With Warrants by the Board or its advisers; and
- (g) Sunsuria being satisfied with (i) the results of the SDSDSB Due Diligence and (ii) the contents of the Disclosure Letter.

As at the LPD, the aforesaid conditions precedent in respect of the Proposed SDSDSB Acquisition have not been obtained/fulfilled by the parties.

2.7.4.3 Termination in the event any conditions precedent is not fulfilled

if:

- (a) on the expiry of the SDSDSB SPA Cut-Off Date, any of the conditions precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;
- (b) on the expiry of the SDSDSB SPA Cut-Off Date, any of the conditions precedent have not been obtained or fulfilled or waived;
- (c) at any time prior to the expiry of the SDSDSB SPA Cut-Off Date, any of the conditions precedent shall have been granted subject to terms and conditions which are not acceptable to any party being terms and conditions which affect that party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and that party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (d) at any time prior to the expiry of a period of three (3) business days after the last day of the Due Diligence Period, Sunsuria has notified Sime Darby Property in writing that it is not satisfied in respect of any part of the results of the SDSDSB Due Diligence,

then any party shall be entitled to terminate the SDSDSB SPA by giving a notice of termination to that effect to the other party, whereupon Sime Darby Property shall refund and repay to Sunsuria, or procure the refund and repayment to Sunsuria of all moneys paid by Sunsuria including the deposit referred to in **Section 2.1.3(b) of Part A** of this Circular, free of interest, save for the retention sum referred to in **Section 2.7.4.8(b)(i)** herein if the same has been paid to the Director-General of Inland Revenue pursuant to the SDSDSB SPA and in such event, Sime Darby Property shall refund such retention sum upon receipt of the same from the Director-General of Inland Revenue free of interest, and thereafter, the parties shall not have any further rights under the SDSDSB SPA except in respect of:

- (i) any obligation under the SDSDSB SPA which is expressed to apply after the termination of the SDSDSB SPA; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SDSDSB SPA to either party prior to such termination.

For the purposes of this paragraph, Sime Darby Property shall use its best endeavours to obtain a refund in favour of Sunsuria of the retention sum from the Director-General of Inland Revenue.

2.7.4.4 Waiver of pre-emption rights

Sime Darby Property represents, confirms and warrants that other than the right of pre-emption granted to SGSB pursuant to the terms of the SDSDSB Shareholders' Agreement, there are no rights of pre-emption or any other similar rights over any of the SDSDSB Sale Share in favour of any third party, whether conferred by the memorandum and articles of association of SDSDSB or by virtue of any other document, covenant or undertaking. If there are any such rights of pre-emption or other similar rights subsisting in respect of the SDSDSB Sale Share, Sime Darby Property shall be deemed to have breached this clause and without prejudice to the rights of Sunsuria under the SDSDSB SPA in respect of such breach, in the event that Sunsuria shall elect to partly or wholly waive such breach and proceed to the completion of SDSDSB SPA, Sime Darby Property shall procure that such rights of pre-emption or other similar rights shall be waived by the relevant party or parties having the benefit of such rights unconditionally prior to the completion of the SDSDSB SPA.

2.7.4.5 Settlement of Sime Darby Advances

- (a) Sunsuria and Sime Darby Property acknowledge and accept that the Sime Darby Advances are due and payable by SDSDSB to Sime Darby Property and/or persons connected with them (which shall for the avoidance of doubt exclude SGSB and its related company or affiliate) and Sime Darby Property may have provided and may be required to provide further shareholder's advances (free of interest) to SDSDSB for the purposes of the ongoing business or operations of SDSDSB pending the completion of the SDSDSB SPA.

- (b) Sunsuria shall pay and settle for and on behalf of SDSDSB, all outstanding Sime Darby Advances on or before the expiry of twelve (12) months after the SDSDSB Completion Date. For the avoidance of doubt, no further interest or other charges shall accrue or be payable on the Sime Darby Advances and this clause shall survive the completion of the SDSDSB SPA.

2.7.4.6 Security for payment of the Balance SDSDSB Consideration

- (a) Sunsuria shall on the SDSDSB Completion Date, deliver to Sime Darby Property a deed of assignment of proceeds executed by Sunsuria in favour of Sime Darby Property for the assignment of the proceeds of the Rights Issue With Warrants of no less than the Balance SDSDSB Consideration unto Sime Darby Property absolutely for the purposes of securing Sunsuria's obligations and liabilities in respect of the settlement of the Balance SDSDSB Consideration and any late payment interest (if any) payable under the SDSDSB SPA, in or substantially in the form set out in the SDSDSB SPA ("**Assignment of Proceeds**"). The Assignment of Proceeds shall be delivered by Sunsuria to Sime Darby Property on the SDSDSB Completion Date in exchange for the delivery of the completion documents by Sime Darby Property to Sunsuria as contemplated under the SDSDSB SPA.
- (b) Within five (5) business days after the payment of the Balance SDSDSB Consideration and any late payment interest (if any) payable under the SDSDSB SPA by Sunsuria to Sime Darby Property, Sime Darby Property or its solicitors shall:
 - (i) return and re-deliver the original **Assignment of Proceeds** to Sunsuria;
 - (ii) deliver an executed deed of receipt and reassignment in respect of the **Assignment of Proceeds** in favour of Sunsuria, in or substantially in the form set out under the SDSDSB SPA ("**Deed of Receipt and Reassignment**") to Sunsuria;
 - (iii) deliver an executed Form 42B under the Companies **Act** in respect of the discharge of the charge created in respect of the **Assignment of Proceeds** to Sunsuria.

If the Balance SDSDSB Consideration is not paid on or before the SDSDSB Payment Date, Sime Darby Property shall be authorised and entitled to exercise all its rights and entitlements in respect of the assigned moneys under the **Assignment of Proceeds** to enforce payment of the Balance SDSDSB Consideration.

2.7.4.7 Termination of the SDSDSB Shareholder's Agreement

Sunsuria shall procure SGSB to execute a deed of termination with Sime Darby Property to terminate the SDSDSB Shareholders' Agreement on the SDSDSB Completion Date.

2.7.4.8 Tax

- (a) Sunsuria and Sime Darby Property warrant and confirm that SDSDSB is deemed by the relevant tax authorities to be a 'real property company' under the RPGT Act and Sunsuria shall ensure that SDSDSB will not take any actions which will result in SDSDSB ceasing to be a 'real property company' under the RPGT Act at any time up to the SDSDSB Completion Date for the purpose of compliance with the RPGT Act and submission of the relevant return forms (where required) to the Director-General of Inland Revenue. Sime Darby Property and Sunsuria will accordingly within sixty (60) days following from the date of disposal as prescribed under the RPGT Act (being *inter alia* the date of receipt of all requisite approvals of the government or a state government or an authority or committee appointed by the government or a state government pursuant to Section 16 of Schedule 2 of the RPGT Act) comply with the RPGT Act by submitting the relevant return forms (where required) to the Director-General of Inland Revenue and comply with all necessary directions that may be issued by the Director-General of Inland Revenue in respect thereto.
- (b) Sunsuria and Sime Darby Property expressly and irrevocably authorise:
 - (i) Sunsuria to pay to the Sime Darby Property's solicitors a sum equivalent to 3% of the SDSDSB Consideration pursuant to Section 21B of the RPGT Act;
 - (ii) Sime Darby Property's solicitors to pay and/or deal with such retention sum or any portion thereof in any manner that may be directed by the Director-General of Inland Revenue or the RPGT Act or any amendments or statutory modification or any orders thereof with the submission by Sime Darby Property of the necessary forms to the Director General of Inland Revenue and comply with all necessary directives that may be issued by the Director General of Inland Revenue (if applicable).
- (c) If such retention sum is insufficient to pay for the RPGT payable on the disposal of the SDSDSB Sale Share pursuant to the SDSDSB SPA, Sime Darby Property will upon being notified thereof, immediately pay the difference to the Director-General of Inland Revenue.
- (d) Sime Darby Property is responsible for paying and settling all RPGT (if any) payable on the disposal of the SDSDSB Sale Share and the deemed disposal of the real property assets of SDSDSB pursuant to the SDSDSB SPA as may be assessed by the Director-General of Inland Revenue under the provisions of the RPGT Act.

- (e) Sime Darby Property agrees, covenants and undertakes with Sunsuria to keep Sunsuria indemnified against all claims, costs, damages, fines or penalties which may be brought, suffered or levied against Sunsuria as a result of Sime Darby Property not complying with any of the provisions of the RPGT Act, including any claims by the Director-General of Inland Revenue arising from any default in payment of any RPGT payable on the disposal of the SDSDSB Sale Share and the deemed disposal of the real property assets of SDSDSB pursuant to the SDSDSB SPA and holding of and dealings with the retention sum by Sime Darby Property's solicitors pursuant to the terms of the SDSDSB SPA.

2.7.4.9 Termination of the SDSDSB SPA

- (a) Each party to the SDSDSB SPA shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the SDSDSB SPA, the other party commits any continuing or material breach of any of its obligations under the SDSDSB SPA which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice to do so, or *inter alia*, a winding up or insolvency events occurs.
- (b) If the SDSDB SPA is terminated by Sime Darby Property and Sime Darby Property elects not to pursue the remedy of specific performance, a sum equivalent to 10% of the SDSDSB Consideration shall be absolutely forfeited in favour of Sime Darby Property as agreed liquidated damages, and Sunsuria shall within fourteen (14) days after its receipt of the notice of termination, return to Sime Darby Property all documents, if any, delivered to it by or on behalf of SDSDSB or Sime Darby Property and Sime Darby Property shall simultaneously in exchange with the performance by Sunsuria of such obligations return, refund and repay to Sunsuria any and all moneys in excess of a sum equivalent to 10% of the SDSDSB Consideration (which shall be forfeited as agreed liquidated damages) held by or on behalf of Sime Darby Property pursuant to the terms of the SDSDSB SPA, free of interest (if any) and return to Sunsuria all documents, if any, delivered to them by or on behalf of Sunsuria.
- (c) If the SDSDSB SPA is terminated by Sunsuria and Sunsuria elects not to pursue the remedy of specific performance, Sime Darby Property shall, within fourteen (14) days after receipt of the notice of termination, return to Sunsuria all documents, if any, delivered to it by or on behalf of Sunsuria, procure that SDSDSB to return to Sunsuria all such documents (if any), return, refund and repay to Sunsuria any and all moneys (including the deposit) (if any) received by it towards account of the SDSDSB Consideration held by or on behalf of Sime Darby Property pursuant to the terms of the SDSDSB SPA, together with any interest accrued thereon (if any), and pay a sum equivalent to 10% of the SDSDSB Consideration as agreed liquidated damages to Sunsuria. Sunsuria shall, in exchange for the performance by Sime Darby Property of such obligations, return to Sime Darby Property all documents, if any, delivered to it by or on behalf of SDSDSB or Sime Darby Property.

2.7.4.10 Sime Darby Property's rights upon non-payment of the Balance SDSDSB Consideration

- (a) Sime Darby Property agrees, confirms and acknowledges that in the event that Sunsuria breaches its obligation under the SDSDSB SPA to pay and settle any part of the Balance SDSDSB Consideration on or before the SDSDSB Payment Date, Sime Darby Property shall be entitled to, without prejudice to its right exercisable under the Assignment of Proceeds, initiate such action as may be available to it in law to recover or claim for the outstanding part of the Balance SDSDSB Consideration solely on the basis of the Balance SDSDSB Consideration being a debt due from Sunsuria to Sime Darby Property.
- (b) Sime Darby Property agrees, confirms and acknowledges that notwithstanding any other provisions of the SDSDSB SPA, Sime Darby Property shall not be entitled to terminate the SDSDSB SPA on account of any such non-payment of the Balance SDSDSB Consideration or to initiate any action which may require Sunsuria to re-transfer the SDSDSB Sale Share to Sime Darby Property or to discharge any charge or other security entered over the SDSDSB Sale Share on behalf of Sunsuria or otherwise howsoever for beach on the part of Sunsuria arising from such non-payment.

3. RATIONALE FOR THE PROPOSALS

We presently have two (2) ongoing property development projects, namely the Trivo, Suria Jelutong and Suria Residence, both located in Bukit Jelutong, Shah Alam which have an aggregate GDV of RM326.0 million with expected completion in year 2015 and 2018 respectively.

The Proposals will increase Sunsuria's existing landbanks for property development from 4.71 acres to 364.18 acres and the estimated GDV for Sunsuria's property development projects would increase from RM326.0 million to RM7,726.0 million (based on Sunsuria's effective equity interest in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B) as depicted below:

	Development projects	Effective equity interest	Landbanks (acres)	Estimated GDV (RM' million)	Development lifespan
	Existing				
1	Trivo, Suria Jelutong (Bukit Jelutong)	100%	1.16	53	2013 - 2015
2	Suria Residence (Bukit Jelutong)	100%	3.55	273	2014 - 2018
			4.71	326	
	The Proposals				
1	Suria Serenia (Salak Tinggi)	Approximately 100.00%	331.27	6,389	2015 - 2027
2	Sunsuria Medini (Medini, Johor)	21.00%	82.77	4,456	2014 - 2022
3	Suria Hills 2A and 2B (Setia Alam)	99.00%	10.96	76	2014 - 2016
			425.00	10,921	
	Total		429.71	11,247	
	Effective[^]		364.18	7,726	

Note:

[^] Based on effective interest of Sunsuria in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B.

The Proposals are in line with Sunsuria's long term strategic plan to augment its property development business and is expected to sustain the property development segment of Sunsuria Group for the next 12 years. It should also be highlighted that the Proposals allow the Sunsuria Group to secure sizeable landbanks with development potential in established strategic locations such as Medini, Salak Tinggi and Setia Alam.

Whilst the Proposed SMSB Acquisitions involve the proposed acquisition of 21.0% effective equity interest in SMSB, such investment will enable our Company to participate in a property development project with a strategic partner from Japan (being Creed) in the Johor region, thereby raising Sunsuria's profile and branding as a property developer of international standing. Additionally, Sunsuria has an option to require Creed to purchase all of the SMSB Shares held by Concord and Sunsuria for a consideration of not less than RM39.9 million, which provides flexibility to Sunsuria to change strategic directions in SMSB should it choose to exit its investment in SMSB between the period commencing from 1 April 2016 until 31 October 2016.

The Proposed Reinvestment allows Sunsuria to conserve its cash reserves as well as to avoid incurring interest expenses on borrowings in view that SGSB, Datuk Ter and Sunsuria have agreed to set-off the redemption sum payable under the Proposed Full and Final Capital Return of RPS-A against the subscription price payable under the Proposed Reinvestment.

4. RISK FACTORS IN RELATION TO THE PROPOSALS

4.1 Non-completion of the Proposals

There is a possibility that the Subscription Agreements, the SDSDSB SPA and the SMSB SPAs may not be completed due to failure in fulfilling the conditions precedent as set out in the respective agreements within the timeframe prescribed therein.

Nevertheless, our Board will take reasonable steps to ensure that such conditions precedent are met and fulfilled within the prescribed timeframe in order to complete the Proposals in a timely manner. Notwithstanding the above, as the Proposed SMSB Acquisitions, the Proposed SDSDSB Transactions and the Proposed RNSB Subscription are not inter-conditional upon each other, the completion of each proposal under the Proposals can take place separately and independently.

In addition, the Proposals are conditional upon the approvals from the Shareholders as well as the relevant authorities and/or parties being obtained, as disclosed in **Section 8 of Part A** of this Circular. There is no assurance that the Proposals can be completed within the time period prescribed under the respective Subscription Agreements, SDSDSB SPA and SMSB SPAs.

Nevertheless, we shall ensure that every effort is made to obtain all the necessary approvals for the Proposals in order for the Proposals to be completed in a timely manner.

4.2 Investment risk and exit of joint venture partner

The Proposed SDSDSB Acquisition will result in the exit of Sime Darby Property as a joint-venture partner, and SDSDSB will effectively become a wholly-owned subsidiary of Sunsuria. Although the Proposed SDSDSB Acquisition is expected to contribute positively to the Sunsuria Group based on the rationale as stated in **Section 3 of Part A** of this Circular, following the exit of Sime Darby Property as a joint-venture partner, Sunsuria would now bear all the risks associated with the Suria Serenia Development entirely. There can also be no assurance that the exit of Sime Darby Property as a partner in SDSDSB will not have a material adverse effect on SDSDSB's financial performance, and any impact to the profits of Sunsuria as a result of the occurrence of any negative events or failure of implementation of the Suria Serenia Development will be fully recognised by Sunsuria. There can be no assurance that the anticipated benefits from the Proposed SDSDSB Acquisition will be realised or that Sunsuria will be able to generate sufficient returns from the Suria Serenia Development to offset the associated development costs. There is also no assurance that the Proposed SDSDSB Acquisition will enable the Sunsuria Group to improve its financial performance and the duration required to recoup the development costs could be longer than anticipated if the take-up rate for the developed units is not as expected.

Furthermore, following the completion of the Proposed SDSDSB Acquisition, any future financing requirements of SDSDSB will be borne entirely by Sunsuria which may strain the cash flows and/or gearing of the Group.

Nevertheless, the Board has and will continue to exercise due care in considering the potential risks and benefits associated with the Proposed SDSDSB Acquisition and believes that the benefits associated with such investment should outweigh the cost and its associated risk.

4.3 Inability to obtain funding

As set out in **Section 2.5 of Part A** of this Circular, it is the intention of our Board to fund the Balance Cash Consideration via a combination of bank borrowings and proceeds from the Fund Raising Exercise. As at the LPD, the Fund Raising Exercise has yet to be implemented (although the approval of the Shareholders for the Fund Raising Exercise has been obtained). However, there is no guarantee that the Fund Raising Exercise will be implemented successfully, or that sufficient bank borrowings could be secured to cover for any shortfall required to fund the Balance Cash Consideration. In the event that the Fund Raising Exercise is not implemented or completed for any reason whatsoever, there is also no guarantee that our Company will be able to obtain sufficient borrowings to fund the Balance Cash Consideration.

Nevertheless, our Company is confident that the Fund Raising Exercise can be implemented successfully as the Shareholders had approved the Fund Raising Exercise on 12 May 2014 and the Undertaking Shareholders had provided Undertakings to subscribe for RM318.7 million in value of the Rights Issue With Warrants.

4.4 Risks inherent in property development

By virtue that our Group is a property developer, there are risks similar to those that it is accustomed to. However, we believe that the experience and expertise of our management team will enable our Group to mitigate these risks effectively.

4.4.1 Risk of failure in or delays in obtaining requisite governmental approvals for future property development projects

The Proposals include the acquisition of vacant lands for future development, which will require various permits, licences, certificates and approvals from various governmental authorities at various stages of development. There is no assurance that all such permits, licences, certificates and approvals will be successfully obtained within the scheduled timeframe for each development project. Failure or delays in obtaining such approvals may result in significant delays in the development schedules and/or cost overruns for the affected project which may in turn affect the profitability of our Group.

Nevertheless, with our experienced team, we will seek to limit these risks through, *inter alia*, careful planning and proactive and close monitoring of the progress of the development projects and endeavour, to the best of our ability, to obtain all the necessary permits, licences, certificates and approvals required for the development projects.

4.4.2 Performance of the property market

Our Group's financial performance is largely dependent on the performance of the property market in Malaysia. Any adverse developments affecting the property market such as the deterioration in property demand and the rates of property rental may have an adverse impact on our Group's business operations and financial performance.

The performance of the property market is also affected by the regulatory environment. In efforts to promote a more stable and sustainable property market, local authorities in Malaysia have introduced certain regulatory restrictions and schemes.

RPGT was reinstated by the government of Malaysia ("**Government**") in 2010 to deter speculative activities in the secondary property market. Subsequent to 2010, the RPGT rates were revised higher by the Government as part of its efforts to further curb speculation in the property market.

Additionally, the Government had also imposed a minimum purchase price of RM1,000,000 on properties purchasable by foreigners in the Malaysian Budget 2014 as part of the Government's plans to restrict speculative activities in the property market. While this measure may affect foreigners' demand for properties in Malaysia, our development is targeted to the local market and as such we are of the opinion that the measures will not adversely affect our Group's property sales. In addition to that, our Group's investment in Medini Iskandar is not subject to the floor price of RM1,000,000.

In 2010, Bank Negara Malaysia ("**BNM**") had also introduced a maximum loan-to-value ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

In addition, banks are no longer providing financing for projects with developer interest bearing schemes (“DIBS”). DIBS is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under DIBS, interests of the loan undertaken by the buyers are borne by the property developers until the property has been completely constructed. However, we are of the view that such restriction should not have a material impact on our Group’s operations and financial performance as we believe that we are able to attract potential purchasers with the good product quality and strategic locations of our development together with the offering of other forms of promotional incentives. However, any further introduction of cooling measures by the Government or BNM to control price levels of the Malaysian property market may adversely impact our Group’s property development business.

4.4.3 Cost fluctuation and demand for properties

Sunsuria being a property developer is subject to certain risks inherent to property development, such as oversupply of the properties to be developed, changes in demand for types of residential and commercial properties, labour and material supply shortages. Our Group’s profitability may also be affected by any increase in land acquisition costs and fluctuation of construction costs which are inherent to the property development industry. Higher cost of materials (including steel, cement and tiles), labour costs, contractor fees and overheads, will reduce our Group’s profit margin in the event we are unable to pass these increased costs to customers in the form of higher selling prices. Selling prices of properties are largely determined by product differentiation in terms of location, reputation, quality design and the conditions of the property market in Malaysia.

There can be no assurance that any changes in development cost will not have any material impact on our Group’s financial performance. Nevertheless, we seek to limit this risk by continuing to closely monitor and manage the construction costs as well as leverage on our track record and experienced, capable and dedicated management team in place, to manage these risks closely while making all reasonable efforts to maintain the quality of our Group’s products.

The demand for our Group’s properties is affected by the economic climate, conditions of the property market, buyers’ perception and consumer sentiment and changes in market rental yields and interest rates, which our Group may not have any control over. We continuously seeks to mitigate these risks by constantly reviewing our development and marketing strategies in response to the ever-changing market conditions and adopting different development concepts and techniques that position our Group to meet the needs of our target market.

4.4.4 Scarcity of commercially viable landbanks for development

Moving forward, for our Group to be successful in the property development industry, we rely on our ability to identify and acquire suitable landbanks with development potential to deliver sustainable growth and profitability. However, our Group also faces intense competition from other established property developers in identifying and acquiring strategically located landbanks at commercially viable prices. The competition among industry players has to a certain extent, created some scarcity in strategically located land, which may result in higher land acquisition cost, thus may lead to a potential decrease in our Group’s profitability and adversely affect our prospects.

After the completion of the Proposals, we will have an effective 379.52 acres of landbanks. However, our Group shall continuously source to increase our landbanks at strategic locations with development potential. Nevertheless, there can be no assurance that our Group will be able to continue to identify new landbanks and replenish existing landbanks on commercially-viable prices and on suitable terms, or be able to secure opportunities to jointly develop lands with land owners on commercially viable profit sharing terms and with good development potential to spur growth, as our Group continues to undertake our development plans.

4.5 Non-compliance with public spread requirement

There is a risk that our Company may not meet Bursa Securities' public shareholding spread requirement of at least 25% of Sunsuria's total listed shares are in the hands of public shareholders ("**Public Spread Requirement**") arising from the implementation of the Proposed Reinvestment and the Rights Issue With Warrants under the Minimum Scenario following the issuance of the Reinvestment Shares to Datuk Ter and/or his nominee(s) and the subscription by the said parties to their entitlement to the Rights Shares.

For illustrative purposes, upon completion of the Proposed Reinvestment and Rights Issue with Warrants based on the Minimum Scenario, the public shareholding spread of Sunsuria will decrease to approximately 18%. However, our Company is in the midst of finalising the underwriting arrangements for the Rights Shares not covered by the Undertakings wherein arising therefrom, our Company's public spread will increase to approximately 26%.

Nevertheless, we will endeavour to rectify the shortfall in the Public Spread Requirement if required, by *inter-alia*, entering into underwriting arrangements for the Rights Shares not covered by the Undertakings. Where required, we may also seek an extension of time from Bursa Securities to rectify the situation, if required.

4.6 Implementation of Goods and Services Tax ("GST")

In Budget 2014, the Government of Malaysia announced the implementation of the GST, which is a multi-stage consumption tax which has taken effect from 1 April 2015. The GST will be imposed on goods and services unless they do not fall within the scope of the GST. The GST is to be charged and levied on supply of goods or services made or provided in Malaysia.

The GST is expected to impact all property developers via increase in the cost of construction as well as the increase in selling prices of properties. Higher construction cost including cost of materials may reduce the profit margins of property developers for residential properties, if the higher costs are not reflected in the final selling price. However, as the property developer of the Suria Serenia Land, SMSB Properties and Suria Hills 2A and 2B ("**Properties**"), we will seek to limit this risk by continuously monitoring the changing market demand to maximise sales of properties while managing the construction cost of the future development of the Properties by *inter-alia*, leveraging on the relationship with and maintaining a large pool of suppliers and sub-contractors.

5. OUTLOOK AND PROSPECTS OF THE PROPOSALS

Information in the ensuing **Sections 5.1 and 5.2 of Part A** of this Circular have been extracted from the most recent available government publications or other publicly available sources.

5.1 Overview and prospects of the Malaysian economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%). Private sector expenditure remained the key driver of growth (9.6%; 4Q 2014: 8.3%). This contributed towards a strong domestic demand performance, which offset the negative contribution from net exports during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Domestic demand expanded by 7.9% in the first quarter of 2015 (4Q 2014: 5.7%), driven mainly by private sector expenditure. Private sector activity grew by 9.6% (4Q 2014: 8.3%), following continued growth in consumption and investment activities. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. Furthermore, household spending was supported by flood relief efforts, in particular, during the early parts of the quarter. The frontloading of consumer purchases prior to the implementation of government service tax, particularly on transport, food and beverages, as well as communication, also contributed to the strong expansion in private consumption. Private investment expanded by 11.7% (4Q 2014: 11.1%), driven by capital spending in the export-oriented manufacturing sector and in the telecommunication and transport-related services industries.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical (E&E) cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

(Source: Economic and Financial Developments in Malaysia in the First (1st) Quarter 2015, Bank Negara Malaysia)

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5.2 Overview and outlook of the Malaysian property market

The real estate and business services sub-sector expanded by 7.6% (4Q 2014: 8.3%), supported mainly by the business services segment. The construction sector grew by 9.7% in the first quarter of 2015 (4Q 2014: 8.8%), underpinned by the expansion in non-residential and residential sub-sectors. The expansion of the non-residential sub-sector was driven by construction activity for industrial and commercial buildings. Growth in the residential sub-sector remained supported by the construction of properties in both the mass- and high-end markets. The special trade sub-sector continued to expand, reflecting activity for piling, earthworks, electrical and system installation as well as building completion and finishing works. Growth in the civil engineering sub-sector improved, supported by large infrastructure projects in the utility and transportation segments.

(Source: Economic and Financial Developments in Malaysia in the First (1st) Quarter 2015, Bank Negara Malaysia)

Furthermore, there are incentives for first time home-buyers under the Budget 2015. Under the Youth Housing Scheme, first time home-buyers aged between 25 and 40 years with household income not exceeding RM10,000 will be provided monthly financial assistance of RM200 for the first two years to reduce the burden of monthly instalments. The Government will also give a 50% stamp duty exemption on the instrument of transfer agreements and loan agreements apart from a 10% loan guarantee to obtain full financing including cost of insurance.

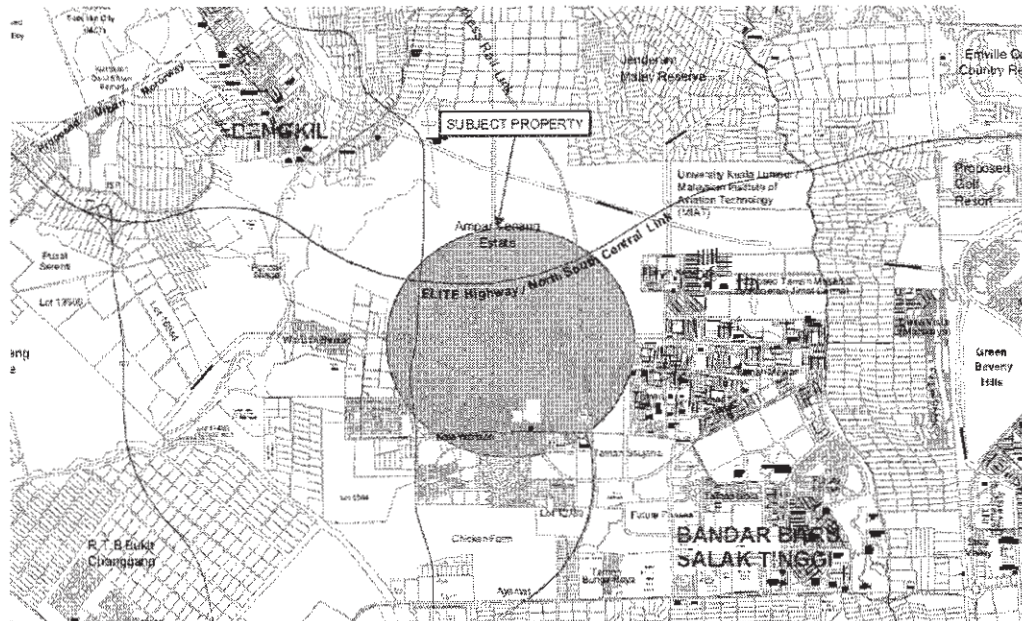
(Source: The 2015 Budget Speech by YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak, Prime Minister and Minister of Finance)

5.3 Prospects of the Identified Companies

The lands held by the Identified Companies are mainly situated in strategic locations in the Klang Valley and Johor, namely Setia Alam, Salak Tinggi and Medini. Due to the scarcity of development land in prime areas, demand for properties is expected to remain positive. In general, the property market in Klang Valley has good mid- to long-term prospects, benefiting from the existing and planned transportation infrastructure such as airports, light rail transit, mass rapid transit and highways.

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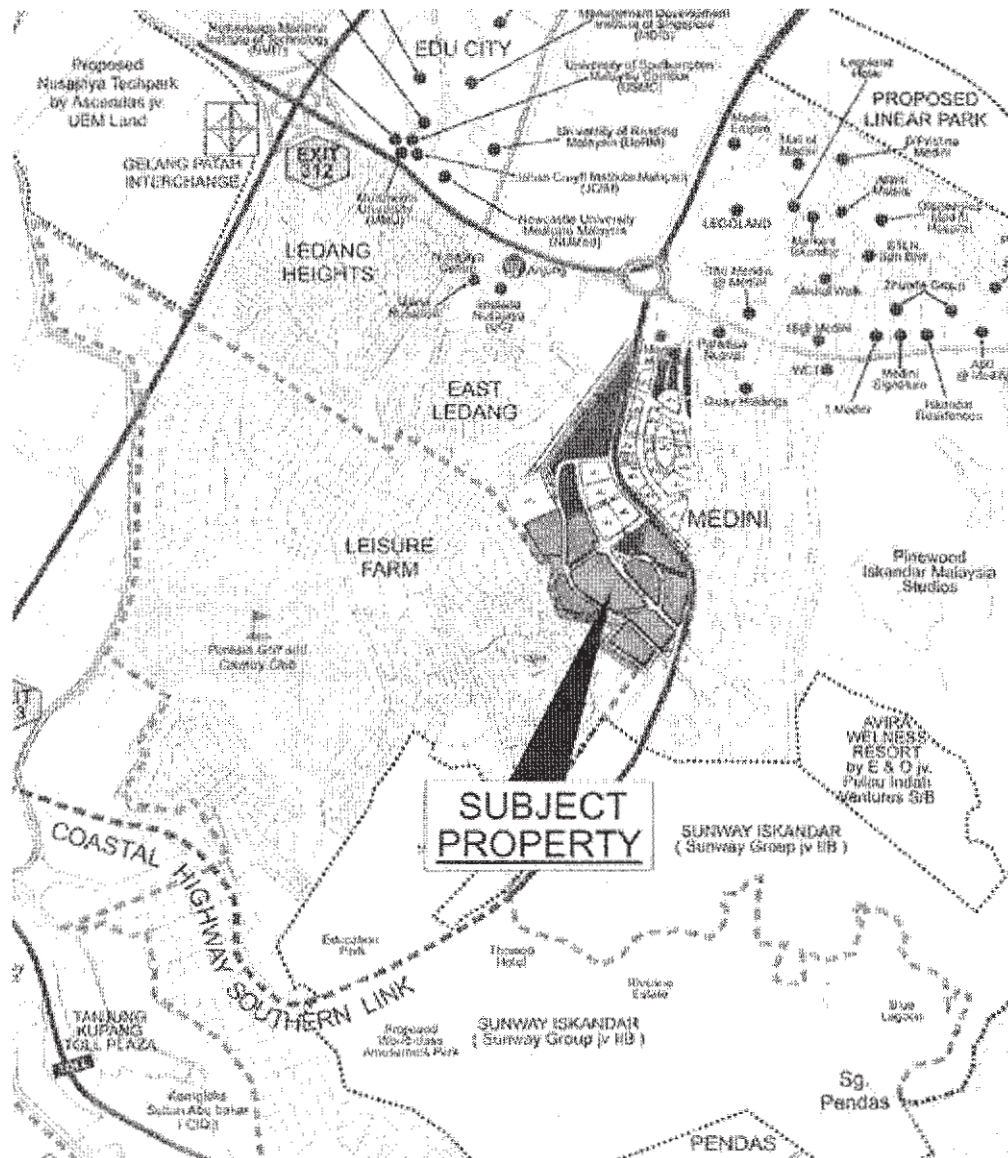
Proposed SDSDSB Transactions – Suria Serenia Land



The 331.27 acres of freehold Suria Serenia Land is located south of Putrajaya and 18km from Kuala Lumpur International Airport (“KLIA”). The site is strategically adjacent to the Salak Tinggi KLIA Express Rail Link Station, which takes about 6 minutes from KLIA and 28 minutes to KL Sentral via KLIA Express Rail Link. With the Suria Serenia Land surrounding the Xiamen University Malaysia Campus, its strategic location which is easily accessible via rail and close proximity to KLIA will be a major selling point, in particular to the local and foreign students enrolling into the campus. The first (1st) phase of the campus is targeted to be completed by year 2015 with eventual capacity to cater for 10,000 students upon full completion. The Suria Serenia Land is expected to be transformed into a university township complete with commercial and residential properties catering to the staff and students of Xiamen University Malaysia Campus, with an estimated GDV of approximately RM6.4 billion.

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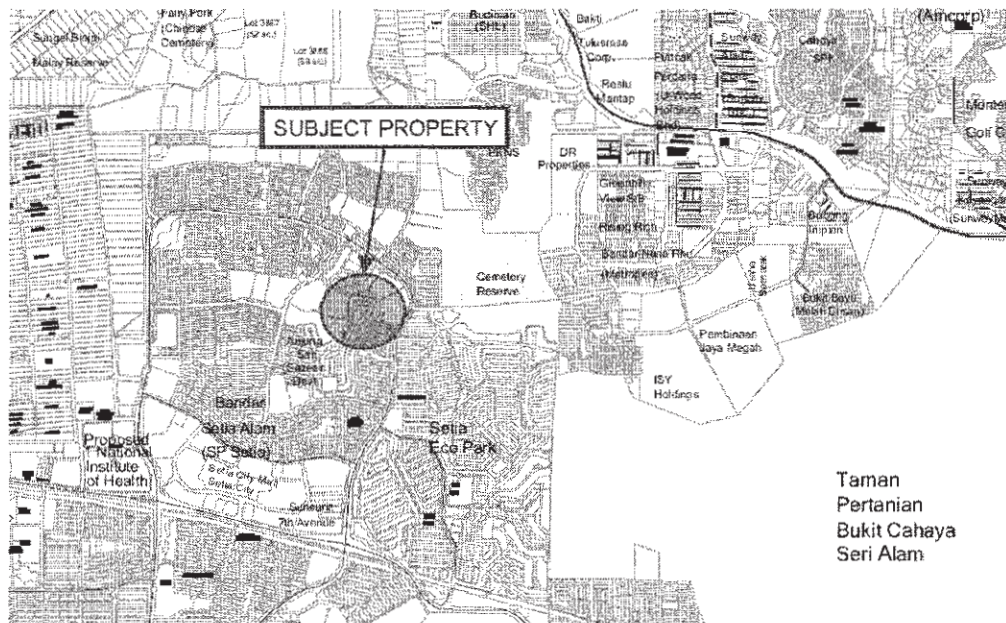
Proposed SMSB Acquisitions – Sunsuria Medini



Sunsuria Medini project is being planned to include a mixed-integrated development featuring commercial units, retail parks and services suites, with an estimated GDV of RM4.5 billion. The Medini area is particularly attractive to foreign investors as there are no restrictions on property purchase by foreigners and potentially shielded from RPGA. The above factors, coupled with Medini's close proximity to Singapore and relative affordability of Malaysia's properties vis-à-vis neighbouring foreign cities such as Singapore and Hong Kong, is expected to drive demand for properties in that locality from both locals and foreigners alike.

Plots C15, C23 and C24 of Sunsuria Medini consist of two (2) to three (3) storey mixed commercial industrial buildings. In accordance with the sales report as at 31 January 2015, 102 out of a total of 104 units (or 98%) on Plot C15 has been sold, while Plots C23 and C24 has recorded an overall sales rates of approximately 31% each. Nevertheless, substantially all of the unsold units have been booked with deposits paid.

Proposed RNSB Subscription – Suria Hills 2A and 2B



Suria Hills is situated in the established township of Setia Alam, Shah Alam. These vacant bungalow lots blend well with the current demand of such matured township complemented with various amenities and facilities within close vicinity. Furthermore, the development site is easily accessible via various expressways connecting Shah Alam to Kuala Lumpur such as the Federal Highway, New Klang Valley Expressway and the newly built NKVE-Setia Alam link.

(Source: Management of Sunsuria)

6. EFFECTS OF THE PROPOSALS

The proforma effects of the Proposals on the share capital, substantial shareholders' shareholding and the net assets as well as gearing of Sunsuria are illustrated on the basis that the Proposals are completed before the Fund Raising Exercise and are based on the following scenarios:

Minimum Scenario: Based on the minimum subscription level of 398,375,000 Rights Shares* together with 132,791,667 Warrants based on the Undertakings.

Maximum Scenario: Based on the assumption that all the shareholders of our Company entitled for the Rights Shares subscribe for their respective entitlements under the Rights Issue With Warrants.

Notes:

* The Undertaking Shareholders have provided Undertakings for Rights Shares amounting to RM318.7 million in value/subscription proceeds. The proforma effects of the Proposals are illustrated based on the indicative issue price of RM0.80 per Rights Share.

6.1 Share capital and substantial shareholders' shareholding

The Proposals (save for the Proposed Reinvestment) will not have any effect on the issued and paid-up share capital of Sunsuria as well as Sunsuria's substantial shareholders' shareholdings, as the consideration for the Proposals (save for the Proposed Reinvestment) shall be satisfied entirely by cash and does not involve any issuance of new Sunsuria Shares.

The proforma effects of the Proposed Reinvestment on the issued and paid-up share capital of Sunsuria and substantial shareholders' shareholding of Sunsuria based on the Register of Substantial Shareholders as at the LPD are as follows:-

6.1.1 Share capital

	Minimum Scenario		Maximum Scenario	
	No. of Sunsuria Shares	RM	No. of Sunsuria Shares	RM
Issued and paid-up share capital				
Issued and paid-up share capital as at the LPD	158,361,472	79,180,736	158,361,472	79,180,736
To be issued pursuant to the Proposed Reinvestment	102,040,816	51,020,408	102,040,816	51,020,408
	260,402,288	130,201,144	260,402,288	130,201,144
To be issued pursuant to the Rights Issue With Warrants	398,375,000	199,187,500	475,084,416	237,542,208
	658,777,288	329,388,644	735,486,704	367,743,352
To be issued pursuant to the Private Placement	63,344,588 ⁽¹⁾	31,672,294	63,344,588 ⁽¹⁾	31,672,294
	722,121,876	361,060,938	798,831,292	399,415,646
To be issued assuming full exercise of the Warrants	132,791,666	66,395,833	158,361,472	79,180,736
Enlarged issued and paid-up share capital	854,913,542	427,456,771	957,192,764	478,596,382

Notes:

(1) Representing the maximum number of new Sunsuria Shares to be issued pursuant to the Private Placement, which was approved by the Shareholders at the EGM on 12 May 2014.

6.1.2 Substantial shareholders' shareholding

Minimum Scenario

Name	As at the LPD				(i) After the Proposed Reinvestment				(ii) After (i) and the Rights Issue With Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	33,897,400	21.41	47,051,744 ⁽¹⁾	29.71	54,021,884 ⁽²⁾	20.75	128,968,076 ⁽¹⁾	49.53	155,714,084	23.64	339,775,876 ⁽¹⁾	51.58
Ter Equity	45,639,344	28.82	-	-	45,639,344	17.53	-	-	182,557,376	27.71	-	-
Ter Capital	1,412,400	0.89	-	-	83,328,732 ⁽²⁾	32.00	-	-	157,218,500	23.87	-	-
Ruby Technique Sdn Bhd	8,000,000	5.05	-	-	8,000,000	3.07	-	-	36,500,000	5.54	-	-
Chia Seong Pow	300,000	0.19	8,000,000 ⁽³⁾	5.05	300,000	0.12	8,000,000 ⁽³⁾	3.07	300,000	0.05	36,500,000 ⁽³⁾	5.54
Chia Song Kun	-	-	9,000,000 ⁽⁴⁾	5.68	-	-	9,000,000 ⁽⁴⁾	3.46	-	-	37,500,000 ⁽⁴⁾	5.69
Chia Seong Fatt	-	-	8,200,000 ⁽⁵⁾	5.18	-	-	8,200,000 ⁽⁵⁾	3.15	-	-	36,700,000 ⁽⁵⁾	5.57
Farsathy Holdings Sdn Bhd	-	-	8,000,000 ⁽⁶⁾	5.05	-	-	8,000,000 ⁽⁶⁾	3.07	-	-	36,500,000 ⁽⁶⁾	5.54
CBG Holdings Sdn Bhd	-	-	8,000,000 ⁽⁶⁾	5.05	-	-	8,000,000 ⁽⁶⁾	3.07	-	-	36,500,000 ⁽⁶⁾	5.54

Name	(III) After (II) and the Private Placement				(IV) After (III) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	155,714,084	21.56	339,775,876 ⁽¹⁾	47.05	189,611,484	22.18	410,045,143 ⁽¹⁾	47.96
Ter Equity	182,557,376	25.28	-	-	228,196,720	26.69	-	-
Ter Capital	157,218,500	21.77	-	-	181,848,423	21.27	-	-
Ruby Technique Sdn Bhd	36,500,000	5.05	-	-	46,000,000	5.38	-	-
Chia Seong Pow	300,000	0.04	36,500,000 ⁽³⁾	5.05	300,000	0.04	46,000,000 ⁽³⁾	5.38
Chia Song Kun	-	-	37,500,000 ⁽⁴⁾	5.19	-	-	47,000,000 ⁽⁴⁾	5.50
Chia Seong Fatt	-	-	36,700,000 ⁽⁵⁾	5.08	-	-	46,200,000 ⁽⁵⁾	5.40
Farsathy Holdings Sdn Bhd	-	-	36,500,000 ⁽⁶⁾	5.05	-	-	46,000,000 ⁽⁶⁾	5.38
CBG Holdings Sdn Bhd	-	-	36,500,000 ⁽⁶⁾	5.05	-	-	46,000,000 ⁽⁶⁾	5.38

Notes:

- (1) Deemed interest by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Act.
- (2) Datuk Ter may appoint nominee(s) to subscribe for partly or fully the Reinvestment Shares in place of himself under the Proposed Reinvestment. For the purposes of the proforma effects above, Ter Capital is illustrated as the party to receive 81,916,332 Reinvestment Shares on behalf of Datuk Ter.
- (3) Deemed interest by virtue of his shareholding in Farsathy Holdings Sdn Bhd pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of his shareholding in CBG Holdings Sdn Bhd and Attractive Features Sdn Bhd pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of his shareholding in Farsathy Holdings Sdn Bhd pursuant to Section 6A of the Act and deemed interested by virtue of his spouse, Sim Ahi Yok direct interest.
- (6) Deemed interest by virtue of its shareholding in Ruby Technique Sdn Bhd pursuant to Section 6A of the Act.

Maximum Scenario

Name	As at the LPD				(I) After the Proposed Reinvestment				(II) After (I) and the Rights Issue With Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	33,897,400	21.41	47,051,744 ⁽¹⁾	29.71	54,021,884 ⁽²⁾	20.75	128,968,076 ⁽¹⁾	49.53	155,714,084	21.17	270,123,308 ⁽¹⁾	36.73
Ter Equity	45,639,344	28.82	-	-	45,639,344	17.53	-	-	182,557,376	24.82	-	-
Ter Capital	1,412,400	0.89	-	-	83,328,732 ⁽²⁾	32.00	-	-	87,565,932	11.91	-	-
Ruby Technique Sdn Bhd	8,000,000	5.05	-	-	8,000,000	3.07	-	-	32,000,000	4.35	-	-
Chia Seong Pow	300,000	0.19	8,000,000 ⁽³⁾	5.05	300,000	0.12	8,000,000 ⁽³⁾	3.07	1,200,000	0.16	32,000,000 ⁽³⁾	4.35
Chia Song Kun	-	-	9,000,000 ⁽⁴⁾	5.68	-	-	9,000,000 ⁽⁴⁾	3.46	-	-	36,000,000 ⁽⁴⁾	4.89
Chia Seong Fatt	-	-	8,200,000 ⁽⁵⁾	5.18	-	-	8,200,000 ⁽⁵⁾	3.15	-	-	32,800,000 ⁽⁵⁾	4.46
Farsathy Holdings Sdn Bhd	-	-	8,000,000 ⁽⁶⁾	5.05	-	-	8,000,000 ⁽⁶⁾	3.07	-	-	32,000,000 ⁽⁶⁾	4.35
CBG Holdings Sdn Bhd	-	-	8,000,000 ⁽⁶⁾	5.05	-	-	8,000,000 ⁽⁶⁾	3.07	-	-	32,000,000 ⁽⁶⁾	4.35

Name	(III) After (II) and the Private Placement				(IV) After (III) and assuming the full conversion of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%	No. of Sunsuria Shares	%
Datuk Ter	155,714,084	19.49	270,123,308 ⁽¹⁾	33.81	189,611,484	19.81	317,175,052 ⁽¹⁾	33.14
Ter Equity	182,557,376	22.85	-	-	228,196,720	23.84	-	-
Ter Capital	87,565,932	10.96	-	-	88,978,332	9.30	-	-
Ruby Technique Sdn Bhd	32,000,000	4.01	-	-	40,000,000	4.18	-	-
Chia Seong Pow	1,200,000	0.15	32,000,000 ⁽³⁾	4.01	1,500,000	0.16	40,000,000 ⁽³⁾	4.18
Chia Song Kun	-	-	36,000,000 ⁽⁴⁾	4.51	-	-	45,000,000 ⁽⁴⁾	4.70
Chia Seong Fatt	-	-	32,800,000 ⁽⁵⁾	4.11	-	-	41,000,000 ⁽⁵⁾	4.28
Farsathy Holdings Sdn Bhd	-	-	32,000,000 ⁽⁵⁾	4.01	-	-	40,000,000 ⁽⁵⁾	4.18
CBG Holdings Sdn Bhd	-	-	32,000,000 ⁽⁶⁾	4.01	-	-	40,000,000 ⁽⁶⁾	4.18

Notes:

- (1) Deemed interest by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Act.
- (2) Datuk Ter may appoint nominee(s) to subscribe for partly or fully the Reinvestment Shares in place of himself under the Proposed Reinvestment. For the purposes of the proforma effects above, Ter Capital is illustrated as the party to receive 81,916,332 Reinvestment Shares on behalf of Datuk Ter.
- (3) Deemed interest by virtue of his shareholding in Farsathy Holdings Sdn Bhd pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of his shareholding in CBG Holdings Sdn Bhd and Attractive Features Sdn Bhd pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of his shareholding in Farsathy Holdings Sdn Bhd pursuant to Section 6A of the Act and deemed interested by virtue of his spouse, Sim Ahi Yok direct interest.
- (6) Deemed interest by virtue of its shareholding in Ruby Technique Sdn Bhd pursuant to Section 6A of the Act.

6.2 EPS

The proforma effects to the earnings of Sunsuria after the Proposals are set out in the table below:

	Audited as at 31 March 2014	(I) After the Proposals	(II) After proforma I and the Rights Issue With Warrants	(III) After proforma II and after the Private Placement	(IV) After proforma III and assuming the full exercise of Warrants
PAT (RM'000)					
- Continuing operation	1,775	50,613 ⁽¹⁾	50,613	50,613	50,613
- Discontinued operation	1,789	1,789	1,789	1,789	1,789
Minimum Scenario					
EPS (continuing operation) (sen)					
- basic	1.29	19.44	7.68	7.01	5.92
- diluted	1.29	19.44	6.39	5.92	5.92
EPS (discontinued operation) (sen)					
- basic	1.30	0.69	0.27	0.25	0.21
- diluted	1.30	0.69	0.23	0.21	0.21
Maximum Scenario					
EPS (continuing operation) (sen)					
- basic	1.29	19.44	6.88	6.34	5.29
- diluted	1.29	19.44	5.66	5.29	5.29
EPS (discontinued operation) (sen)					
- basic	1.30	0.69	0.24	0.22	0.19
- diluted	1.30	0.69	0.20	0.19	0.19

Notes:

(1) Computed as follows:

	Earnings (RM'000)
Audited as at 31 March 2014	1,775
Estimated expenses related to the Proposals	(5,000) ⁽²⁾
Gain on bargain purchase	
- Arising from Proposed SGSB Subscription	40,724
- Arising from Proposed SMSB Acquisitions	13,114
After the Proposals	50,613

(2) The estimated expenses of RM5.0 million comprises of:

	RM
Advisory and consultant fees	2,720,000
Stamp duties	2,098,805
Authorities, advertising and others	181,195
After the Proposals	5,000,000

The Proposals are expected to be completed in the third (3rd) quarter of year 2015 and are expected to contribute positively to the earnings and EPS of our Group for the FYE 31 March 2016 and future financial years due to the earnings contribution from the development projects undertaken/to be undertaken by the Identified Companies.

The Proposed Reinvestment will not have any material effects on our Company's consolidated earnings. However, our Company's consolidated EPS will be immediately diluted proportionately as a result of the increase in the issued and paid-up share capital of Sunsuria arising from the issuance of the Reinvestment Shares.

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6.3 NA and gearing

Based on the latest audited consolidated financial statements of Sunsuria Group for the FYE 31 March 2014, the proforma effects of the Proposals on the consolidated NA per Sunsuria Share and gearing of our Group are as follows:

Minimum Scenario

	(i) Audited as at 31 March 2014 (RM'000)	(ii) After (i) and Rights Issue With Warrants ⁽²⁾ (RM'000)	(iii) After (ii) and Private Placement ⁽²⁾ (RM'000)	(iv) After (iii) and assuming full exercise of the Warrants ⁽²⁾ (RM'000)
Share capital	79,180	329,389	361,061	427,458
Share premium	13,296	118,278	134,114	367,251
Warrant reserve	-	60,509	60,509	-
Capital redemption reserve	815	100	168	168
Capital reserve	815	815	815	815
Retained profits	(5,037)	43,701 ⁽³⁾	43,633	43,633
Shareholders equity / NA	88,254	552,792	600,300	839,325
Number of ordinary shares ('000)	158,361	658,777	722,122	854,914
NA per share (RM)	0.56	0.84	0.83	0.98
Total borrowings	-	-	22,068	22,068
Gearing ratio (times)	-	-	0.04	0.03

Notes:-

- (1) Based on Reinvestment Shares Issue Price of RM0.98 and the issuance of 102,040,816 Reinvestment Shares.
- (2) The above proforma illustrates the effects of the Fund Raising Exercise under the Minimum Scenario and the assumptions set out in the circular to shareholders dated 18 April 2014 ("**Rights Issue Circular**") as if the Fund Raising Exercise had been effected as at 31 March 2014.
- (3) After taking into consideration the estimated expenses to be incurred of approximately RM5.0 million* for the Proposals as well as the net gain on bargain purchase of approximately RM53.8 million arising from SGSB and Concord. The computation of the goodwill/negative goodwill which forms the basis of the net gain on bargain purchase, is determined based on the provisional fair values of the net assets and liabilities acquired. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with FRS 3 Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. Accordingly, the final determination may differ from what is reflected in the pro forma consolidated statements of financial position.

Breakdown on estimated expenses	RM
Advisory and consultant fees	2,720,000
Stamp duties	2,098,805
Authorities, advertising and others	181,195
Total	5,000,000

In accordance with para 45 of FRS3 Business Combinations, the acquirer has measurement period of not exceeding one year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Maximum Scenario

	(I) Audited as at 31 March 2014 (RM'000)	(II) After the Proposals ⁽¹⁾ (RM'000)	(III) After (I) and Rights Issue With Warrants ⁽²⁾ (RM'000)	(IV) After (II) and Private Placement ⁽²⁾ (RM'000)	(V) After (III) and assuming full exercise of the Warrants ⁽²⁾ (RM'000)
Share capital	79,180	130,201	367,743	399,415	478,596
Share premium	13,296	62,275	127,912	143,748	421,506
Warrant reserve	-	-	71,888	71,888	-
Capital redemption reserve	-	100	100	168	168
Capital reserve	815	815	815	815	815
Retained profits	(5,037)	43,701 ⁽³⁾	43,701	43,633	43,633
Shareholders equity / NA	88,254	237,092	612,159	659,667	944,718
Number of ordinary shares ('000)	158,361	260,402	735,486	798,831	957,192
NA per share (RM)	0.56	0.91	0.83	0.83	0.99
Total borrowings	-	-	-	-	-
Gearing ratio (times)	-	-	-	-	-

Notes:-

- (1) Based on Reinvestment Shares Issue Price of RM0.98 and the issuance of 102,040,816 Reinvestment Shares.
- (2) The above proforma illustrates the effects of the Fund Raising Exercise under the Maximum Scenario and the assumptions set out in the Rights Issue Circular as if the Fund Raising Exercise had been effected as at 31 March 2014.
- (3) After taking into consideration the estimated expenses to be incurred of approximately RM5.0 million* for the Proposals as well as the net gain on bargain purchase arising of approximately RM53.8 million from SGSB and Concord. The computation of the goodwill/negative goodwill which forms the basis of the net gain on bargain purchase, is determined based on the provisional fair values of the net assets and liabilities acquired. The final determination of the purchase price allocation will be based on established fair value of the assets acquired, including the fair value of the identifiable intangible assets, liabilities assumed as of the acquisition date, in accordance with FRS 3 Business Combinations. The excess of the purchase price over the fair value of the net assets acquired is allocated to goodwill, or vice versa be reflected as discount on acquisition. Accordingly, the final determination may differ from what is reflected in the pro forma consolidated statements of financial position.

Breakdown on estimated expenses	RM
Advisory and consultant fees	2,720,000
Stamp duties	2,098,805
Authorities, advertising and others	181,195
Total	5,000,000

In accordance with para 45 of FRS3 Business Combinations, the acquirer has measurement period of not exceeding one year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

6.4 Convertible securities

As at the LPD, our Company does not have any convertible securities.

7. INTER-CONDITIONALITY AND OUTSTANDING CORPORATE EXERCISE

The Proposals are not conditional upon the implementation of the Rights Issue With Warrants and the Private Placement. However, for information purposes, the Proposed SDSDSB Acquisition is conditional upon the announcement of the books closure date and the execution of the underwriting agreement in respect of the Rights Issue With Warrants.

The Proposed SMSB Acquisition 1 is inter-conditional with the Proposed SMSB Acquisition 2 and the Proposed SGSB Subscription is inter-conditional with the Proposed Reinvestment. The Proposed SGSB Transactions and the Proposed SDSDSB Acquisition are not inter-conditional with each other. The Proposed SDSDSB Transactions, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription are not inter-conditional with each other.

Save for the Proposals and the Fund Raising Exercise, there are no other corporate proposals that have been announced by Sunsuria which are not yet completed.

8. APPROVALS REQUIRED

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

- (i) the approval of Bursa Securities for the listing of and quotation for the Reinvestment Shares on the Main Market of Bursa Securities which was obtained on 25 May 2015 subject to the following conditions;

	Conditions	Status of compliance
1.	Sunsuria, AmInvestment Bank Berhad and RHB Investment Bank Berhad must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Reinvestment;	To be complied
2.	Sunsuria, AmInvestment Bank Berhad and RHB Investment Bank Berhad to inform Bursa Securities upon the completion of the Proposed Reinvestment;	To be complied
3.	Sunsuria to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Reinvestment is completed;	To be complied
4.	A certified true copy of the resolution passed by shareholders at the extraordinary general meeting for the Proposed Reinvestment;	To be complied
5.	To incorporate Bursa Securities' comments as per attachment in respect of the Circular	Complied

- (ii) the approval of the Shareholders at an EGM to be convened;
- (iii) the financiers/creditors of the Identified Companies pursuant to the Proposals, if required;
- (iv) 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 their subsidiary company/jointly controlled entity, where required, in each case to the extent that at the completion date the same remain to be completed or performed or remain in force; and
- (v) any other relevant authorities and/or parties, if required.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, none of the directors and/or major shareholders of our Company and/or persons connected to them have any interest, direct or indirect, in the Proposals.

Datuk Ter is the Executive Chairman and major shareholder of Sunsuria, holding 21.41% direct equity interest in Sunsuria and 28.82% and 0.89% indirect interest in Sunsuria through Ter Equity and Ter Capital as at the LPD. RNSB is a wholly-owned subsidiary of SDSB while SDSB is in turn, a wholly-owned subsidiary of SHSB. SHSB is a company controlled by Datuk Ter and his family members. In addition, Datuk Ter and his wife, Datin Kwan are the shareholders and directors of SGSB. Datuk Ter is also a director of SMSB, SHSB and SDSB. Datuk Ter will also be allotted with the Reinvestment Shares pursuant to the Proposed Reinvestment.

In addition, TCSB, being the vendor of the SMSB Sale Shares, is a company controlled by Datuk Ter and his family members. Datuk Ter is also a director of TCSB. THK is Datuk Ter's father. THK and Datuk Ter are the vendors of the Concord Sale Shares. Datuk Ter is also a director of Concord.

In view of the above, Datuk Ter, Ter Equity and Ter Capital are deemed interested in the Interested Proposals.

Similarly, WYT, a Non-Independent Non-Executive Director of Sunsuria, is also a director of SDSB and SMSB and a director and shareholder of SHSB, being the ultimate holding company of RNSB and SGSB. Hence WYT is also deemed interested in the Interested Proposals.

As such, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Interested Proposals. Accordingly, the Interested Directors and the Interested Major Shareholders will also abstain from voting and will also undertake to ensure that persons connected to them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in Sunsuria on the resolutions pertaining to the Interested Proposals to be tabled at the EGM to be convened.

KWS, an Executive Director of Sunsuria, has declared that he is also a director of SMSB and SDSB but does not have any direct or indirect interest in Sunsuria, SMSB and SDSB. KWS is also not a person connected with the Interested Directors and the Interested Major Shareholders. However, KWS has held the position of Deputy Chief Executive Officer of SDSB, a person connected with Datuk Ter, within a period of six (6) months prior to the date that the Interested Proposals were first deliberated by the Board. In view of this, KWS has voluntarily abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Interested Proposals in order to mitigate any potential conflict of interest situation. He has also opted to abstain from voting and will also undertake to ensure that persons connected to him (if any) will abstain from voting in respect of his/their direct and/or indirect shareholdings, if any, on the resolutions for the Interested Proposals to be tabled at the EGM to be convened.

The shareholdings of the Interested Directors, the Interested Major Shareholders and KWS in Sunsuria as at LPD are as follows:

	Direct		Indirect	
	No of Sunsuria Shares	%	No of Sunsuria Shares	%
<u>Interested Director and Interested Major Shareholder</u> Datuk Ter	33,897,400	21.41	47,051,744 ⁽¹⁾	29.71 ⁽¹⁾
<u>Interested Director</u> WYT	1,960,000	1.24	-	-
KWS	-	-	-	-
<u>Interested Major Shareholder</u> Ter Equity	45,639,344	28.82	-	-
<u>Interested Shareholder</u> Ter Capital	1,412,400	0.89	-	-

Note:-

(1) Deemed interested by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Act.

10. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDERS FOR THE PRECEDING 12 MONTHS

Save for the recurrent related party transactions which have been previously announced and approved by the Shareholders or which are not subject to be disclosed pursuant to Paragraph 10.09(1)(b) of the Listing Requirements and the Interested Proposals, there were no other transactions entered into by our Company with the Interested Directors and the Interested Major Shareholders for the last twelve (12) months preceding the LPD.

11. DIRECTORS' STATEMENT

The Interested Proposals

Our Board (save for the Interested Directors and KWS), after having considered all aspects of the Interested Proposals and after careful deliberation, is of the opinion that the Interested Proposals are in the best interests of our Company and the terms of the Interested Proposals are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders.

The opinion of our Board (save for the Interested Directors and KWS) was arrived at after having considered, *inter-alia*, the terms and conditions of the Subscription Agreements and the SMSB SPAs, the rationale for the Interested Proposals, the proforma effects of the Interested Proposals on our Group, the prospects of the Identified Companies, EY's enterprise valuation of SGSB and WTW's valuation of real estates held by the Identified Companies, as well as the evaluation of the independent adviser appointed by our Company as set out in **Part B** of this Circular.

As such, our Board (save for the Interested Directors and KWS) recommends that you vote in favour of the resolutions pertaining to the Interested Proposals to be tabled at the forthcoming EGM.

The Proposed SDSDSB Acquisition

Our Board, after having considered all aspects of the Proposed SDSDSB Acquisition and after careful deliberation, is of the opinion that the Proposed SDSDSB Acquisition is in the best interests of our Company.

As such, our Board recommends that you vote in favour of the resolution pertaining to the Proposed SDSDSB Acquisition to be tabled at the forthcoming EGM.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Sunsuria, after taking into consideration all aspects of the Interested Proposals, is of the opinion that the Interested Proposals:

- (i) are in the best interest of our Group;
- (ii) are fair, reasonable and on normal commercial terms; and
- (iii) are not detrimental to the interest of the non-interested shareholders of Sunsuria.

The opinion of the Audit Committee was arrived at after having considered, *inter-alia*, the terms and conditions of the Subscription Agreements and the SMSB SPAs, the rationale for the Interested Proposals, the proforma effects of the Interested Proposals on our Group, the prospects of the Identified Companies, EY's enterprise valuation of SGSB and WTW's valuation of real estates held by the Identified Companies, as well as the evaluation of the independent adviser appointed by our Company.

13. INDEPENDENT ADVISER

The independent advice letter in relation to the Interested Proposals, is set out in **Part B** of this Circular. You are advised to read the independent advice letter together with the attached appendices and **Part B** of this Circular carefully before voting on the resolutions pertaining to the Interested Proposals to be tabled at the forthcoming EGM.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the third (3rd) quarter of year 2015. The tentative timetable for the completion of the Proposals is as follows:

Event	Date
EGM to approve the Proposals	11 June 2015
Completion of Proposals	End June 2015
Allotment and issuance of the Reinvestment Shares	End July 2015

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Banquet Hall, Unique Seafood Damansara, Sunsuria Avenue, Persiaran Mahogani, PJU 5, Kota Damansara, 47810 Petaling Jaya, Selangor on Thursday, 11 June 2015 at 10.00 a.m. or at any adjournment thereof, whichever is later, for the purpose of considering and, if thought fit, passing the ordinary resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instruction provided therein so as to arrive at our Company's Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on or before 10.00 a.m. on 9 June 2015, being not less than forty-eight (48) hours before that time fixed for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully
For and on behalf of the Board
SUNSURIA BERHAD

Liew Jee Min @ Chong Jee Min
Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED
SHAREHOLDERS OF SUNSURIA IN RELATION TO THE
INTERESTED PROPOSALS**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings as the words and expressions defined in the "Definitions" Section and Part A of the Circular, except where the context otherwise requires or where otherwise defined in the IAL. All references to "you" are references to the Non-Interested Shareholders (as defined in the IAL), whilst references to "we", "us" or "our" are references to KAF Investment, being the Independent Adviser for the Interested Proposals.

Set out hereunder is an executive summary which serves to highlight some of the salient points arising from KAF Investment's independent evaluation of the Interested Proposals. Shareholders are advised to read and understand the contents of the IAL and the entire Part A of the Circular, including the appendices thereof, for more comprehensive information, evaluation and recommendation on the Interested Proposals before voting on the resolutions pertaining to the Interested Proposals at the forthcoming EGM.

1. INTRODUCTION

On 10 March 2015, the Joint Advisers had, on behalf of the Board, announced the following:-

- (i) the Proposed SGSB Transactions;
- (ii) the Proposed SMSB Acquisitions; and
- (iii) the Proposed RNSB Subscription.

On 20 April 2015, the Joint Advisers had, on behalf of the Board, announced the following:-

- (a) the Proposed SDSDSB Acquisition; and
- (b) the Proposed Variation.

The Interested Proposals are deemed to be related party transactions pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and the Interested Major Shareholders as disclosed in Section 9 of Part A of the Circular.

2. EVALUATION OF THE INTERESTED PROPOSALS

In evaluating the Interested Proposals, we have taken into consideration the following:-

Section in the IAL	Area of evaluation	Comments
Section 5.1	Rationale for the Interested Proposals	<ul style="list-style-type: none">• To strengthen Sunsuria's market position in the property development industry.<ul style="list-style-type: none">○ Upon completion of the Proposals, Sunsuria's landbank for property development will increase from 4.71 acres to 364.18 acres.○ The estimated GDV for Sunsuria's property development projects would increase from RM326.0 million to RM7,726.0 million (based on Sunsuria's effective equity interest in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B).• Strategic location and prospects<ul style="list-style-type: none">○ Salak Tinggi<ul style="list-style-type: none">▪ The Suria Serenia Land is situated within the upcoming township known as Suria Serenia, next to Kota Warisan, Sepang, Selangor, which is located about 50 kilometres by road to the south of Kuala Lumpur city centre.▪ Located at the immediate surroundings of the under construction Xiamen University Malaysia Campus which the first (1st) phase of the campus is expected to complete by year 2015.

EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	Comments
		<ul style="list-style-type: none"> ▪ The notable landmarks nearby the Suria Serenia Land are among others, KLIA Express Salak Tinggi Transit Station, Kuala Lumpur International Airport (KLIA) as well as Kuala Lumpur International Airport 2 (KLIA 2). ○ Medini <ul style="list-style-type: none"> ▪ Located within Zone C of Medini, a signature integrated development of Nusajaya, Iskandar Malaysia, Johor. ▪ The notable landmarks in Medini Iskandar are among others, Medini Lifestyle Mall, Legoland Malaysia Theme Park, Gleneagles Medini Hospital and Traders Hotel. ▪ Demand is expected to be strong given the incentives given by Medini Iskandar which includes the absence of quota restrictions for foreign buyers, corporate tax exemption for ten (10) years, free car import duties and exemption from RM500,000 cap for foreigners to purchase properties and potentially shielded from RPGT. ○ Setia Alam <ul style="list-style-type: none"> ▪ The Suria Hills 2A and 2B is located 35 kilometres by road to the south-west of KLCC and about 8 kilometres to the north-west of Shah Alam. ▪ The notable landmarks around the Suria Hills 2A and 2B are among others, Setia City Mall, Setia City Convention Centre and Setia Eco Park. ○ Opportunity for the Group to increase its land bank for a potential high development value. • Branding as a property developer of international standing through the participation in a property development project with a strategic partner from Japan. <ul style="list-style-type: none"> ○ Creed is involved in real estate investment, property development, project finance and private equity with projects and offices in Japan, Cambodia, Vietnam, Singapore, Korea, Germany, Guam and Malaysia. • The Proposed Reinvestment <ul style="list-style-type: none"> ○ The Proposed Reinvestment will allow Sunsuria to conserve its cash and also avoid incurring interest expenses on borrowings if the Company were to satisfy entirely by cash. <p>Please refer to Section 5.1 of this IAL for further details.</p>
Section 5.2	Basis and justification of arriving at the SGSB Subscription Consideration, the SMSB Consideration and the RNSB Subscription Consideration	<ul style="list-style-type: none"> • SGSB Subscription Consideration <ul style="list-style-type: none"> ○ In evaluating the SGSB Subscription Consideration, we have taken into consideration the following:- <ul style="list-style-type: none"> ▪ the enterprise value of SGSB as appraised by EY; ▪ the market value of Suria Serenia Land as appraised by WTW; and ▪ the unaudited financial statements of SGSB for the financial year ended 31 December 2014. ○ The SGSB Subscription Consideration is reasonable

EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	Comments
		<p>as:-</p> <ul style="list-style-type: none"> ▪ the SGSB Subscription Consideration is within the range of SGSB's enterprise value of 50% equity interest in SDSDSB of RM230 million to RM250 million as appraised by EY; ▪ the SGSB Subscription Consideration represents a discount of RM14.5 million or 5.7% to the market value of the Suria Serenia Land (based on the 50% equity interest in SDSDSB) as appraised by WTW; ▪ within the sales evidence value range of the comparable lands; and ▪ the prospect of the Suria Serenia Land. <ul style="list-style-type: none"> • SMSB Consideration <ul style="list-style-type: none"> ○ In evaluating the SMSB Consideration, we have taken into consideration the following:- <ul style="list-style-type: none"> ▪ the market value of the SMSB Properties as appraised by WTW; and ▪ the net liability of SMSB based on the audited financial statements of SMSB for the financial year ended 31 December 2014. ○ Premised on the market value of the SMSB Properties as appraised by WTW, we are of the view that the SMSB Consideration is fair and reasonable as the SMSB Consideration represents a discount of approximately RM1,622,085 or 2.87% to the indicative valuation for the 20% effective equity interest of SMSB based on the market value of the SMSB Properties. • RNSB Subscription Consideration <ul style="list-style-type: none"> ○ In evaluating the RNSB Subscription Consideration, we have taken into consideration the market value of Suria Hills 2A and 2B as at 31 January 2015 as appraised by WTW using the residual method of valuation, vide its valuation certificate dated 12 February 2015, of RM57.0 million. ○ Based on valuation of Suria Hills 2A and 2B above, the RNSB Subscription Consideration is considered fair as it is consistent with the market value of Suria Hills 2A and 2B. <p>Please refer to Section 5.2 of this IAL for further details.</p>

EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	Comments
Section 5.3	Mode of settlement of SGSB Subscription Consideration, SMSB Consideration and RNSB Subscription Consideration	<ul style="list-style-type: none"> • Cash payment of RM249.97 million. <ul style="list-style-type: none"> ○ We note that the mode of settlements in relation to the Interested Proposals shall be satisfied by:- <ul style="list-style-type: none"> ▪ partly by cash and issuance of 102,040,816 new Sunsuria Shares for the SGSB Subscription Consideration; and ▪ entirely by cash for both the SMSB Consideration and the RNSB Subscription Consideration. ○ The cash payment of RM249.97 million shall be funded via a combination of internally-generated funds, funds from the Fund Raising Exercise as well as bank borrowings. ○ It is pertinent to note that any utilisation of internal funds is expected to result in a depletion of the Sunsuria Group's working capital, which may have an adverse effect on the cash flow position of the Sunsuria Group, while taking up additional bank borrowings to finance the Interested Proposals would expose the Sunsuria Group to a greater financing risk with regard to the fluctuation in interest rates, which may have an effect on the Sunsuria Group's profitability as any increase in interest rate may affect the financial performance of the Sunsuria Group. • Reinvestment Shares Issue Price <ul style="list-style-type: none"> ○ The issue price for the Reinvestment Shares was based on the adjusted five (5)-day VWAP of Sunsuria Shares up to and including 5 March 2015, being the date immediately preceding the Price Determination Date of RM1.49. ○ The Reinvestment Shares Issue Price represents a premium of between 0.20% to 4.70% over the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year adjusted VWAP of Sunsuria Shares up to and including 5 March 2015. In addition, we note that the Reinvestment Shares Issue Price is mostly higher than the adjusted highest closing market price for the past twelve (12) months up to the Initial Announcement. <p>Please refer to Section 5.3 of this IAL for further details.</p>
Section 5.4	Salient terms of the Interested Proposal Agreements	<ul style="list-style-type: none"> • We are of the view that the salient terms and conditions of the Interested Proposal Agreements (as defined in the IAL) are considered reasonable and not detrimental to the Non-Interested Shareholders. <p>Please refer to Section 5.4 of this IAL for further details.</p>
Section 5.5	Prospects and outlooks	<ul style="list-style-type: none"> • The prospects of the Malaysian economy are expected to remain favourable as supported mainly by a sustained expansion in domestic demand driven by private sector spending amid strong domestic fundamentals and a resilient export sector. • There are uncertainties in the outlook of the property market in Malaysia as the Malaysian Government and Bank Negara Malaysia have introduced measures such as increasing the RPGT and tightening bank lending regulations to curb speculative activities in the property market. • There can be no assurance that the hike in the RPGT will

EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	Comments
		not adversely impact and affect the take-up rate of the Proposed Development in the future and Sunsuria Group will leverage on its strength and experience as a property developer to manage the risk closely.
Section 5.6	Risk factors associated with the Interested Proposals	<ul style="list-style-type: none"> The Group is involved in property development industry and the Interested Proposals represent an expansion of the Group's existing property development business and does not necessarily alter the inherent risk profile relating to property development sector that the Group is already exposed to. In the event that the Fund Raising Exercise is not implemented successfully and the Balance Cash Consideration for the Interested Proposals is funded by bank borrowings, the Group may be exposed to fluctuations in interest rate movements as well as the risk in generating sufficient funds to meet its financial repayment commitments on time. Significant increase in interest rates may adversely affect the financial performance of the Group. The management of Sunsuria takes cognisance of this and will take into consideration the gearing level, interest cost as well as internal cash requirement of Sunsuria's business in determining the optimal combination of internally generated funds and bank borrowings to finance the proposed development undertaken through the Interested Proposals. The Group will continue to monitor closely the movements of the interest rate. <p>Please refer to Section 5.6 of this IAL for further details.</p>
Section 5.7	Financial Effects of the Interested Proposals	<ul style="list-style-type: none"> We are of the view that the financial effects of the Interested Proposals are not detrimental to the interest of the Non-Interested Shareholders. <p>Please refer to Section 5.7 of this IAL for further details.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Interested Proposals and our evaluation is set out in Section 5 of the IAL. Non-Interested Shareholders are advised to consider the merits and demerits of the Interested Proposals carefully based on all relevant and pertinent factors including those set out in the IAL and the Circular as well as other publicly available information prior to making a decision to vote on the resolutions pertaining to the Interested Proposals.

Premised on our overall evaluation and assessment of the Interested Proposals based on information available to us up to the LPD, we are of the opinion that, taken as a whole, the Interested Proposals are **FAIR AND REASONABLE** and are **NOT DETRIMENTAL** to the Non-Interested Shareholders.

Accordingly, we recommend the Non-Interested Shareholders to **VOTE IN FAVOUR** of the resolutions pertaining to the Interested Proposals to be tabled at the forthcoming EGM.

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INVESTMENT BANK BERHAD (20657-W)

Registered Office:-

Level 14 Chulan Tower
No. 3 Jalan Conlay
50450 Kuala Lumpur
Malaysia

27 May 2015

To: The non-interested shareholders of Sunsuria Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF SUNSURIA BERHAD IN RELATION TO THE FOLLOWING:-

- (I) THE PROPOSED SGSB TRANSACTIONS;**
- (II) THE PROPOSED SMSB ACQUISITIONS; AND**
- (III) THE PROPOSED RNSB SUBSCRIPTION.**

(COLLECTIVELY REFERRED TO AS "INTERESTED PROPOSALS")

1. INTRODUCTION

1.1 This Independent Advice Letter ("**IAL**") is prepared for inclusion in the circular to shareholders of Sunsuria dated 27 May 2015 in relation to the Interested Proposals ("**Circular**"). Definitions or defined terms used in this IAL shall have the same meanings as the definitions used in Part A of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to "**you**" are references to the non-interested shareholders of the Company, whilst references to "**we**", "**us**" or "**our**" are references to KAF Investment Bank Berhad ("**KAF Investment**"), being the Independent Adviser for the Interested Proposals.

1.2 On 10 March 2015, the Joint Advisers had, on behalf of the Board, announced that the Company had entered into:-

- (i) the SGSB Subscription Agreement;
- (ii) the SMSB SPAs; and
- (iii) the RNSB Subscription Agreement.

(Collectively referred to as "**Interested Proposal Agreements**")

1.3 On 20 April 2015, the Company had entered into the Supplemental SGSB Subscription Agreement to vary the terms of the SGSB Subscription Agreement.

1.4 In view of the interests of certain directors and major shareholders of Sunsuria as specified in Section 9 of Part A of the Circular, the Interested Proposals are deemed to be related party transactions. Accordingly, pursuant to the requirements of Paragraph 10.08(2) of the Listing Requirements, the Board had on 9 March 2015 appointed KAF Investment as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Sunsuria in relation to the Interested Proposals ("**Non-Interested Shareholders**").

- 1.5 The purpose of this IAL is to provide the Non-Interested Shareholders with an independent evaluation on the fairness and reasonableness of the terms of the Interested Proposals and whether such terms are to the detriment of the Non-Interested Shareholders together with our recommendations, subject to the limitations of our role and evaluation as specified herein.
- 1.5 This IAL is prepared solely for the use of the Non-Interested Shareholders for the purpose of considering the Interested Proposals, and should not be used or relied upon by any other party for any other purposes whatsoever.

NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ AND FULLY UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE INTERESTED PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE INTERESTED PROPOSALS

The full details of the Interested Proposals are set out in Part A of the Circular and should be read and fully understood in their entirety by the Non-Interested Shareholders.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

We note from Section 9 of Part A of the Circular that:-

“Save as disclosed below, none of the directors and/or major shareholders of our Company and/or persons connected to them have any interest, direct or indirect, in the Proposals.

Datuk Ter is the Executive Chairman and major shareholder of Sunsuria, holding 21.41% direct equity interest in Sunsuria and 28.82% and 0.89% indirect interest in Sunsuria through Ter Equity and Ter Capital as at the LPD. RNSB is a wholly-owned subsidiary of SDSB while SDSB is in turn, a wholly-owned subsidiary of SHSB. SHSB is a company controlled by Datuk Ter and his family members. In addition, Datuk Ter and his wife, Datin Kwan are the shareholders and directors of SGSB. Datuk Ter is also a director of SMSB, SHSB and SDSB. Datuk Ter will also be allotted with the Reinvestment Shares pursuant to the Proposed Reinvestment.

In addition, TCSB, being the vendor of the SMSB Sale Shares, is a company controlled by Datuk Ter and his family members. Datuk Ter is also a director of TCSB. THK is Datuk Ter's father. THK and Datuk Ter are the vendors of the Concord Sale Shares. Datuk Ter is also a director of Concord.

In view of the above, Datuk Ter, Ter Equity and Ter Capital are deemed interested in the Interested Proposals.

Similarly, WYT, a Non-Independent Non-Executive Director of Sunsuria, is also a director of SDSB and SMSB and a director and shareholder of SHSB, being the ultimate holding company of RNSB and SGSB. Hence WYT is also deemed interested in the Interested Proposals.

As such, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Interested Proposals. Accordingly, the Interested Directors and the Interested Major Shareholders will also abstain from voting and will also undertake to ensure that persons connected to them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in Sunsuria on the resolutions pertaining to the Interested Proposals to be tabled at the EGM to be convened.

KWS, an Executive Director of Sunsuria, has declared that he is also a director of SMSB and SDSDSB but does not have any direct or indirect interest in Sunsuria, SMSB and SDSDSB. KWS is also not a person connected with the Interested Directors and the Interested Major Shareholders. However, KWS has held the position of Deputy Chief Executive Officer of SDSB, a person connected with Datuk Ter, within a period of six (6) months prior to the date that the Interested Proposals were first deliberated by the Board. In view of this, KWS has voluntarily abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Interested Proposals in order to mitigate any potential conflict of interest situation. He has also opted to abstain from voting and will also undertake to ensure that persons connected to him (if any) will abstain from voting in respect of his/their direct and/or indirect shareholdings, if any, on the resolutions for the Interested Proposals to be tabled at the EGM to be convened.

The shareholdings of the Interested Directors, the Interested Major Shareholders and KWS in Sunsuria as at LPD are as follows:

	Direct		Indirect	
	No of Sunsuria Shares	%	No of Sunsuria Shares	%
<u>Interested Director and Interested Major Shareholder</u> Datuk Ter	33,897,400	21.41	47,051,744 ⁽¹⁾	29.71 ⁽¹⁾
<u>Interested Director</u> WYT	1,960,000	1.24	-	-
KWS	-	-	-	-
<u>Interested Major Shareholder</u> Ter Equity	45,639,344	28.82	-	-
<u>Interested Shareholder</u> Ter Capital	1,412,400	0.89	-	-

Note:-

⁽¹⁾ Deemed interested by virtue of his interest in Ter Equity and Ter Capital pursuant to Section 6A of the Act."

4. SCOPE AND LIMITATIONS OF OUR EVALUATION AND OUR DECLARATION

4.1 KAF Investment has not been involved in any negotiation on the terms and conditions of the Interested Proposals nor has it participated in the Board's deliberation of the Interested Proposals. KAF Investment's scope as Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the terms of the Interested Proposals, based on and in reliance upon information, documents and representations provided or made available to us (for which the Board or other advisers of Sunsuria are solely responsible), including but not limited to the following:-

- (i) the valuation reports by WTW in respect of the Suria Serenia Land, the SMSB Properties and the Suria Hills 2A and 2B ("**Suria Serenia Land Valuation Report**", "**SMSB Properties Valuation Report**" and "**Suria Hills Valuation Report**", respectively);
- (ii) the EY Valuation Letter;
- (iii) the Interested Proposal Agreements;
- (iv) Part A of the Circular and the accompanying appendices in relation to the Interested Proposals;

- (v) information provided by Sunsuria, as well as representations/confirmations obtained in or derived from discussions with management of Sunsuria;
- (vi) audited consolidated financial statements of Sunsuria for the FYE 31 March 2014; and
- (vii) other publicly available information which we deem relevant.

In view of the appointment of WTW by the Company to independently assess the market value of the Suria Serenia Land, the SMSB Properties and Suria Hills 2A and 2B, we have no intention of soliciting alternative appraisal on the Suria Serenia Land, the SMSB Properties and Suria Hills 2A and 2B.

In view of the appointment of EY by the Company to independently assess the value of SGSB, we have no intention of soliciting alternative appraisal on SGSB.

In line with our role and scope of work, notwithstanding that KAF Investment may make reasonable enquiries in the course of preparing this IAL, KAF Investment is not responsible or liable in any manner to independently verify the accuracy, validity or completeness of any of the above-mentioned information, documents and representations used, referred to and/or relied upon by KAF Investment for the purpose of this IAL. KAF Investment is not responsible in any manner for the accuracy, validity or completeness of any such information, documents and representations, expressed or implied. Accordingly, KAF Investment shall not be under any responsibility or liability whatsoever to any party for any inaccuracies, misstatements of facts or omissions therein.

We have also obtained written confirmation from the Board on 27 May 2015 that the directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in the IAL (save and except for opinions expressed by KAF Investment which do not contain factual information provided by Sunsuria and information procured or developed by KAF Investment independently of Sunsuria) and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading. The Board has also provided written confirmation that all material facts and information in respect of the Company and the Identified Companies relevant to KAF Investment's evaluation of the Interested Proposals have been disclosed to KAF Investment, and that there are no facts or information, the omission of which would make any written information supplied to us misleading in any material respect. Based on due enquiries made, we are satisfied with the information provided by Sunsuria and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL.

KAF Investment, as the Independent Adviser, has evaluated the Interested Proposals. We have taken into consideration pertinent matters which are made known to us and which we believe are of general importance to an assessment of the financial implications of the Interested Proposals and would be of significant relevance and general concern to the Shareholders as a whole in arriving at our advice.

The scope of KAF Investment's responsibility with regards to its evaluation and opinion contained herein is confined to the financial terms and implications arising from the Interested Proposals. Where our comments or points of consideration are included on certain pertinent matters which may be qualitative or commercial in nature, these are incidental to our overall financial evaluation and concern matters which we may deem material for disclosure and/or which may have possible financial implications on the Sunsuria Group.

KAF Investment's opinion contained in this IAL is provided to the Non-Interested Shareholders at large and not to any Shareholder individually. Hence, we have not given regard to the specific investment or financial objectives, financial situation and/or particular needs of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who require specific advice within the context of their individual objectives, financial situation and particular needs should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers at their own costs.

In the event, after the issuance of this IAL and up to the date of the forthcoming EGM of the Company, KAF Investment becomes aware that the information relied upon by us during our engagement has significantly changed or a material statement in this IAL is false, misleading and/or deceptive, KAF Investment shall inform the Non-Interested Shareholders as soon as practicable of any material change in information that would affect their decision to vote on the relevant resolutions pertaining to the Interested Proposals. KAF Investment, together with Sunsuria, is obliged and responsible to ensure that the said change is communicated appropriately to the Non-Interested Shareholders. If circumstances require, a supplementary IAL shall be issued and/or the EGM of the Company shall be postponed to provide the Non-Interested Shareholders with sufficient time to re-evaluate their decision in light of the new information.

The responsibility of the Board in respect of our independent advice and expression of opinion in relation to the Interested Proposals are limited to the accuracy of the information in relation to Sunsuria as provided to us by Sunsuria for our evaluation and all relevant facts and information necessary for our evaluation of the Interested Proposals have been disclosed to us and there are no other facts or information the omission of which will make any statement in this IAL misleading.

- 4.2 We confirm that there is no conflict of interest situation or potential conflict of interest situation arising from us carrying out the role of Independent Adviser to advise the Non-Interested Shareholders in respect of the Interested Proposals and that there was no professional relationships between KAF Investment and Sunsuria in the past two (2) years prior to the date of this IAL.

Save for the professional fees KAF Investment is entitled for as the Independent Adviser for the Interested Proposals, KAF Investment does not receive or derive any financial interest or benefit from the Interested Proposals and there is no interest to be derived from KAF Investment's appointment as the Independent Adviser to Sunsuria in respect of the Interested Proposals.

- 4.3 KAF Investment is an investment bank in Malaysia with a strong reputation in the dealing of money market instruments and trading of debt securities. KAF Investment is also involved in providing capital market advisory services such as fund raising via the issuance of private debt securities, equity and equity-linked securities.

The credentials and experience of KAF Investment as an Independent Adviser, where we have been appointed in the past one (1) year prior to the date of the Interested Proposal Agreements, include, among others, the following proposals:-

- (i) acquisitions by Microlink Solutions Berhad of the entire equity interests held by Formis Holdings Berhad, Omesti Berhad (formerly known as Formis Resources Berhad) and Man Yau Holdings Berhad in Applied Business Systems Sdn Bhd, Formis Systems & Technology Sdn Bhd, Formis Computer Services Sdn Bhd, First Solution Sdn Bhd and Formis Advanced Systems Sdn Bhd for a total consideration of RM50.00 million, satisfied via a combination of cash and the issuance of redeemable preference shares;
- (ii) acquisition by Mycron Steel Berhad of the entire equity interest in Melewar Steel Tube Sdn Bhd from Melewar Industrial Group Berhad for a purchase consideration of RM70.00 million, satisfied via a combination of issuance of new ordinary shares and assumption of trade debt;
- (iii) disposals by Tecnic Group Berhad of the entire equity interests in Plastictecnic (M) Sdn Bhd, Sun Tong Seng Mould-Tech Sdn Bhd and Bangi Plastics Sdn Bhd to SKP Resources Bhd for a total consideration of RM200.00 million, satisfied via a combination of cash and the issuance of new ordinary shares;
- (iv) disposals by Puncak Niaga Holdings Berhad of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd as well as 70.00% equity interest and RM212.00 million nominal value of redeemable convertible

unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd to Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd); and

- (v) acquisition of the lease interest of ninety six (96) years ten (10) months and twenty eight (28) days over the Seven (7) contiguous parcels of residential development land identified as plot no. A45-1, A45-2, A45-3, A46-1, A46-2, A46-3 and A46-4 collectively measuring approximately 7.81 acres located within Zone A, Medini Iskandar, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim, commencing from 18 March 2010 and expiring on 14 February 2107, by BCB Heights Sdn Bhd from Ibzi Development (Johor) Sdn Bhd at a total cash consideration of RM123,644,100.

Premised on the foregoing, KAF Investment is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the Non-Interested Shareholders in relation to the Interested Proposals.

5. EVALUATION OF THE INTERESTED PROPOSALS

In our evaluation of the Interested Proposals, we have considered the following factors:-

- (i) Rationale for the Interested Proposals;
- (ii) Basis and justification of arriving at the SGSB Subscription Consideration, the SMSB Consideration and the RNSB Subscription Consideration;
- (iii) Mode of settlement of the SGSB Subscription Consideration, the SMSB Consideration and the RNSB Subscription Consideration;
- (iv) Salient terms of the Interested Proposal Agreements;
- (v) Prospects and outlook;
- (vi) Risk factors associated with the Interested Proposals; and
- (vii) Financial effects of the Interested Proposals.

5.1 Rationale for the Interested Proposals

We take note of the following as extracted from Section 3 of Part A of the Circular:-

"We presently have two (2) ongoing property development projects, namely the Trivo, Suria Jelutong and Suria Residence, both located in Bukit Jelutong, Shah Alam which have an aggregate GDV of RM326.0 million with expected completion in year 2015 and 2018 respectively.

The Proposals will increase Sunsuria's existing landbanks for property development from 4.71 acres to 364.18 acres and the estimated GDV for Sunsuria's property development projects would increase from RM326.0 million to RM7,726.0 million (based on Sunsuria's effective equity interest in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B) as depicted below:

	Development projects	Effective equity interest	Landbanks (acres)	Estimated GDV (RM' million)	Development lifespan
	<u>Existing</u>				
1	Trivo, Suria Jelutong (Bukit Jelutong)	100%	1.16	53	2013 - 2015
2	Suria Residence (Bukit Jelutong)	100%	3.55	273	2014 - 2018
			4.71	326	
	<u>The Proposals</u>				
1	Suria Serenia (Salak Tinggi)	Approximately 100.00%	331.27	6,389	2015 - 2027

	Development projects	Effective equity interest	Landbanks (acres)	Estimated GDV (RM' million)	Development lifespan
2	Sunsuria Medini (Medini, Johor)	21.00%	82.77	4,456	2014 - 2022
3	Suria Hills 2A and 2B (Setia Alam)	99.00%	10.96	76	2014 - 2016
			425.00	10,921	
	<i>Total</i>		429.71	11,247	
	<i>Effective^</i>		364.18	7,726	

Note:

[^] Based on effective interest of Sunsuria in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B.

The Proposals are in line with Sunsuria's long term strategic plan to augment its property development business and is expected to sustain the property development segment of Sunsuria Group for the next 12 years. It should also be highlighted that the Proposals allow the Sunsuria Group to secure sizeable landbanks with development potential in established strategic locations such as Medini, Salak Tinggi and Setia Alam.

Whilst the Proposed SMSB Acquisitions involve the proposed acquisition of 21.0% effective equity interest in SMSB, such investment will enable our Company to participate in a property development project with a strategic partner from Japan (being Creed) in the Johor region, thereby raising Sunsuria's profile and branding as a property developer of international standing. Additionally, Sunsuria has an option to require Creed to purchase all of the SMSB Shares held by Concord and Sunsuria for a consideration of not less than RM39.9 million, which provides flexibility to Sunsuria to change strategic directions in SMSB should it choose to exit its investment in SMSB between the period commencing from 1 April 2016 until 31 October 2016.

The Proposed Reinvestment allows Sunsuria to conserve its cash reserves as well as to avoid incurring interest expenses on borrowings in view that SGSB, Datuk Ter and Sunsuria have agreed to set-off the redemption sum payable under the Proposed Full and Final Capital Return of RPS-A against the subscription price payable under the Proposed Reinvestment."

Our observations are as follows:-

(i) To strengthen Sunsuria's market position in the property development industry

Presently, Sunsuria has two (2) property developments project namely the Trivo, Suria Jelutong and Suria Residence with total GDV of RM326.0 million and expected completion in year 2015 and 2018 respectively. Upon completion of the Proposals, Sunsuria's landbank for property development will increase from 4.71 acres to 364.18 acres and the estimated GDV for Sunsuria's property development projects would increase from RM326.0 million to RM7,726.0 million (based on Sunsuria's effective equity interest in Suria Serenia, Sunsuria Medini and Suria Hills 2A and 2B).

Furthermore, the Interested Proposals are not an investment into a totally new or unrelated business but rather one that Sunsuria is already involved in. Therefore, it does not represent a diversification into an area of new business carrying risks that are significantly different currently.

Hence, the Interested Proposals are expected to further enhance Sunsuria's market position in the property development industry and its future earnings prospects.

(ii) Strategic location and prospects

(a) Salak Tinggi

We note from the Suria Serenia Land Valuation Report that the Suria Serenia Land is situated within the upcoming township known as Suria Serenia, next to Kota Warisan, Sepang, Selangor, which is located about 50 kilometres by road to

the south of Kuala Lumpur city centre (“**KLCC**”). The Suria Serenia Land is easily accessible from KLCC via Jalan Tun Razak, Lebuhraya Kuala Lumpur - Putrajaya (“**MEX**”), Lingkaran Putrajaya, Jalan 815, Pintasan Dengkil bypass and thereafter onto Persiaran Warisan leading to the Suria Serenia Land.

The Suria Serenia Land is located at the immediate surroundings of the under construction Xiamen University Malaysia Campus which the first (1st) phase of the campus is expected to complete by year 2015. The notable landmarks nearby the Suria Serenia Land are among others, KLIA Express Salak Tinggi Transit Station, Kuala Lumpur International Airport (KLIA) as well as Kuala Lumpur International Airport 2 (KLIA 2).

We note the following transactions in District of Sepang announced on Bursa Securities which are notable projects that are being developed in District of Sepang:-

- (I) On 26 September 2013, Gabungan AQRS Berhad (“**GAQRS**”) announced that The Building Company Sdn Bhd, a wholly-owned subsidiary company of GAQRS has entered into a sale and purchase agreement with Mr Tan Cheng Teik and Mr Tan Ban Kear for the acquisition of land forming part of master title held under PN 39250 Lot 14000, Mukim of Dengkil, District of Sepang, State of Selangor for a purchase consideration of RM35,644,712.40.
- (II) On 1 June 2012, Glomac Berhad (“**Glomac**”) announced that Magical Sterling Sdn Bhd, a wholly-owned subsidiary company of Glomac has entered into a sale and purchase agreement with Lee Chin Cheng Dengkil Oil Palm Plantations Sdn Bhd to purchase agricultural land held under PN 4767, Lot 6984, Mukim of Dengkil, District of Sepang, State of Selangor, measuring approximately 191.75 acres for a purchase consideration of RM66,821,040.

(b) Medini

We note from the Sunsuria Medini Valuation Report, the SMSB Properties are located within Zone C of Medini, a signature integrated development of Nusajaya, Iskandar Malaysia, Johor. The SMSB Properties are easily accessible from the Johor Bahru city centre via Jalan Abu Bakar followed by the Iskandar Coastal Highway before reaching Medini and thereafter onto a network of internal service roads within Medini. The notable landmarks in Medini Iskandar are among others, Medini Lifestyle Mall, Legoland Malaysia Theme Park, Gleneagles Medini Hospital and Traders Hotel.

Demand is expected to be strong given the incentives given by Medini Iskandar which includes the absence of quota restrictions for foreign buyers, corporate tax exemption for ten (10) years, free car import duties and exemption from RM500,000 cap for foreigners to purchase properties and potentially shielded from RPGT.

In addition, we further note the following transactions in Iskandar Malaysia announced on Bursa Securities which are notable projects that are being developed in Iskandar Malaysia:-

- (I) On 20 May 2014, Tiong Nam Logistics Holdings Berhad (“**TNLHB**”) announced that Medini Heritage Sdn Bhd, a wholly-owned subsidiary company of TNLHB has entered into a sale and purchase agreement with Peninsular Hub Sdn Bhd to purchase nine (9) parcels of freehold agriculture vacant lands measuring 45.78 hectares located within Mukim of Plentong, State of Johor (“**TNLHB Land**”), for a total cash consideration of RM35,477,323. TNLHB intends to develop the TNLHB Land to a mixed

commercial and industrial area comprising shop-office and factories with an estimated gross development value of approximately RM1.1 billion.

- (II) On 6 December 2013, BCB Berhad ("**BCB**") announced that BCB Heights Sdn Bhd, a wholly-owned subsidiary company of BCB has entered into a lease purchase agreement with Ibzi Development (Johor) Sdn Bhd to acquire the a lease over seven (7) contiguous parcels of residential development land identified as plot No. A45-1, A45-2, A45-3, A46-1, A46-2, A46-3 and A46-4 collectively measuring approximately 7.81 acres located within Zone A, Medini Iskandar, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim for a total cash consideration of RM123,644,100 or RM375 per square foot.
- (III) On 1 October 2013, Mah Sing Group Berhad ("**Mah Sing**") announced that Sanjung Tropika Development Sdn Bhd, a wholly-owned subsidiary company of Mah Sing Group Berhad has entered into a conditional sale and purchase agreement with Bistari Land Sdn Bhd for the proposed acquisition of thirty one (31) pieces of adjoining freehold lands with total net land area measuring approximately 1,351.84 acres ("Lands") all in Tempat of LKTP Cahaya Baru, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim for a total cash consideration of RM429,868,897.92 or RM7.30 per square foot. Mah Sing intends to develop the Lands into a township with an estimated gross development value of approximately RM5 billion.
- (IV) On 2 November 2012, WCT Berhad announced that WCT Acres Sdn Bhd, a wholly-owned subsidiary company of WCT Land Sdn Bhd, which in turn is a wholly-owned subsidiary company of WCT Berhad has entered into a conditional lease purchase agreement with Medini Land Sdn Bhd for the acquisition of a lease land identified as Plot A60 in Zone A of Medini Iskandar, Johor Darul Takzim, held under H.S.(D) 484847, PTD 170707 in the Mukim of Pulai, Daerah Johor Bahru, Johor Darul Takzim for a total purchase consideration of RM99,468,000.

(c) Setia Alam

We note from the Suria Hills Valuation Report that the Suria Hills 2A and 2B is located 35 kilometres by road to the south-west of KLCC and about 8 kilometres to the north-west of Shah Alam. Notable landmarks around the Suria Hills 2A and 2B are among others, Setia City Mall, Setia City Convention Centre and Setia Eco Park.

We note the following transactions in District of Petaling announced on Bursa Securities (unless otherwise stated) which are notable projects that are being developed in District of Petaling:-

- (I) On 15 October 2014, GSB Group Berhad ("**GSB**") has announced that Serta Usaha Sdn Bhd, a wholly-owned subsidiary company of GSB has entered into a sale and purchase agreement together with a conditional development order from relevant authority with PKNS Engineering and Construction Berhad to purchase and develop two (2) plots of adjoining leasehold lands measuring in aggregate of approximately 2.22 acres in Section 15, Sha Alam, District of Petaling, State of Selangor for a total purchase consideration of RM20,500,000.
- (II) On 13 March 2014, Mah Sing announced that Enchanting View Development Sdn Bhd, a wholly-owned subsidiary company of Mah Sing, had on 12 March 2014 entered into a sale and purchase agreement with Great Doctrine (M) Sdn Bhd for the proposed acquisition of a portion of prime land in Sultan Salahuddin Abdul Aziz Shah (SSAAS) Golf Course, Section 13, Shah Alam, District of Petaling, State of Selangor, measuring approximately 85.43 acres (approximately 3,721,330.8 square feet) forming

part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, District of Petaling, State of Selangor for a cash consideration of RM327,477,110.40 (approximately RM88 per square foot).

- (III) On 5 March 2014, Kimlun Corporation Berhad (“**KCB**”) has announced that Kimlun Land Sdn Bhd, a wholly-owned subsidiary company of KCB has entered into a sale and purchase agreement with Bayu Melati Sdn Bhd to purchase of forty one (41) 99-year leasehold vacant detached lots at Seksyen U10 Shah Alam, Mukim of Bukit Raja, District of Petaling Jaya, State of Selangor for a total cash consideration of RM28,987,432.

Given the lands held by the Identified Companies are mainly situated in strategic locations, the Interested Proposals represent an opportunity for the Group to increase its land bank for a potential high development value.

(iii) Branding as a property developer of international standing through the participation in a property development project with a strategic partner from Japan

The Proposed SMSB Acquisitions will provide the opportunity for the Company to raise its profile and branding as a property developer of international standing. Creed is involved in real estate investment, property development, project finance and private equity with projects and offices in Japan, Cambodia, Vietnam, Singapore, Korea, Germany, Guam and Malaysia.

(iv) The Proposed Reinvestment

We take note the set-off arrangement between Datuk Ter and Sunsuria on the redemption sum payable under the Proposed Full and Final Capital Return of RPS-A against the subscription price payable under the Proposed Reinvestment. We are of the opinion that the arrangement is reasonable as the share issuance in the Proposed Reinvestment will allow Sunsuria to conserve its cash and also avoid incurring interest expenses on borrowings.

Notwithstanding, the Non-Interested Shareholders are advised to take into consideration our comments with regard to the risk factor associated with the Interested Proposals as set out in Section 5.6 of this IAL.

KAF Investment’s comments:-

The Interested Proposals represents an opportunity for Sunsuria to increase their market position in the property development market. Furthermore, the assets are located in an established strategic and prime location within Salak Tinggi, Medini and Setia Alam. It also represents an opportunity for Sunsuria to form a strategic partnership with Creed from Japan, hence is expected to raise Sunsuria’s profile and branding as a property developer of international standing.

In general, we understand from the management of Sunsuria that the Company aims, through the Interested Proposals, to secure sizeable landbanks with development potential in established strategic locations which is expected to contribute positively to the future growth and profitability of the Group.

Premised on the above, we are of the opinion that the rationales for the Interested Proposals are reasonable.

5.2 Basis and justification of arriving at the SGSB Subscription Consideration, the SMSB Consideration and the RNSB Subscription Consideration

5.2.1 SGSB Subscription Consideration

We take note the basis and justifications in arriving at the SGSB Subscription Consideration as set out in Section 2.1.1 of Part A of the Circular.

The principal activity of SGSB is in investment holding and SGSB holds 50% equity interest in SDSDSB, a joint venture company incorporated with Sime Darby Property (Sungai Kapar) Sdn Bhd. As such, in evaluating the SGSB Subscription Consideration, we have taken into consideration the following:-

- (i) the enterprise value of SGSB as appraised by EY;
- (ii) the market value of Suria Serenia Land as appraised by WTW; and
- (iii) the unaudited financial statements of SGSB for the financial year ended 31 December 2014.

KAF Investment's comments:-

- (i) EY valuation letter

In determining the fair value of SGSB, we have relied on the summary valuation letter dated 3 April 2015 issued by EY which contains the independent valuation of SGSB conducted by EY ("**EY Valuation Letter**"). EY is an independent firm of valuers appointed by the Company for the purpose of the valuation of SGSB.

In respect of the EY Valuation Letter, we have reviewed the contents of the same and are satisfied with the valuation of SGSB based on the discounted cash flow ("**DCF**") method of valuation.

The EY Valuation Letter has been appended as Appendix VII of the Circular.

The key considerations of the expected projected future free cash flows to SGSB ("**Suria Serenia Project**") adopted by EY are as stated in the EY Valuation Letter.

EY has applied the DCF method of income approach as the primary method of valuation. We wish to highlight that the method is commonly used for valuing an investment with a finite stream of expected future cash flows where the Suria Serenia Project is expected to be fully developed over a period of 13 years from 2015 to 2027 ("**Projection Period**"). The value of Suria Serenia Project is equivalent to the discounted value of future benefits.

We have relied on the financial projections from 2015 to 2027 of Suria Serenia Project together with the underlying bases and assumptions, which have been prepared by the management of SGSB and SDSDSB based on its best available estimates and judgements. The key bases and assumptions adopted in the preparation of the financial projections from 2015 to 2027 of Suria Serenia Project are as follows:-

- (a) there will be no material changes in the group structure and in the principal activities of SGSB and SDSDSB, i.e. the only asset or investment owned by SGSB is 50% jointly control entity – SDSDSB. SDSDSB is a single purpose entity to undertake one specific proposed property development plan – Suria Serenia Project;
- (b) the audited financial statements for the FYE 31 December 2014 of SGSB and the unaudited management accounts for the financial period from 1 July 2014 to 31 December 2014 of SDSDSB represent the best available indication of the fair values of the assets and liabilities of SGSB and SDSDSB as at 31 December 2014 ("**EY Valuation Date**");
- (c) the cash flow projections and its underlying assumptions prepared by the management of SGSB and approved and adopted by the board of directors of SGSB as well as Sunsuria represent a fair reflection of Sunsuria Serenia Project's future performance;
- (d) it is assumed that SDSDSB will be able to secure all the necessary permits, licences, certificates and approvals and the requisite development order for the

Suria Serenia Project on a timely basis from various government authorities to facilitate the commencement dates of the Suria Serenia Project as planned and reflected in the cash flow projections accordingly;

- (e) SDSDSB will be able to achieve the projected sales or take up rate at the projected selling price in order to generate the gross development profits as planned;
- (f) SDSDSB will engage property agents to enhance the sale and marketing activities that would also include bulk purchasing in order to achieve the projected sales of the Suria Serenia Project within the expected timeline, i.e. all the completed units will be fully sold within two (2) to four (4) years from the project launch date except for wellness and medical centre and business hotel which will be sold in year 2020 and year 2022 respectively;
- (g) all the projects will be launched and completed in accordance with the stipulated project timeline by the management of SGSB and consequently, SGSB and SDSDSB will not be subject to any late penalty or liquidated and ascertained damages;
- (h) it is assumed that the projected gross development cost are sufficient and adequately estimated for the proposed Suria Serenia Project and that the project would be completed within the projected timelines and without further cost escalations;
- (i) there will be no significant changes in the credit terms for the progress billing to the customers and construction work payable to the contractors as projected;
- (j) adequate funding and bridging financing will be available to finance the Suria Serenia Project's development activities as required;
- (k) it is assumed that the management of SGSB has taken into consideration all direct and indirect tax expenses and the impact has been fairly reflected in the cash flow projections;
- (l) SGSB and SDSDSB will be able to not only retain the current key personnel but would be in a position to attract the requisite future talents to ensure the continuity and development of the business;
- (m) the management of SGSB has represented that there are no material litigations and contingent liabilities as at the EY Valuation Date that would negatively impact SGSB and SDSDSB going forward;
- (n) no adverse developments in the economic and market conditions that would impact Suria Serenia Project revenue and cost assumptions; and
- (o) there will be no force majeure and significant changes in the present legislation, government regulations, inflation rates, taxation rates, prevailing conditions, economic and political climate which will directly or indirectly affect the business activities of SGSB and SDSDSB or the market in which SGSB and SDSDSB operate in.

We have considered the financial projections and are satisfied that the bases and assumptions used are reasonable. Nonetheless, we wish to highlight that the valuation of SGSB is based on prevailing economic, market and other conditions as well as the information provided by the management of SGSB. Such conditions may change significantly over a short period of time, which may in turn materially and/or adversely affect the valuation of SGSB.

Valuation parameters

(a) Free Cash Flow for the Firm (“FCFF”)

FCFF is the free cash flows available to the firm after taking into consideration all operating incomes, operating expenses, movement in working capital, net cash flows from investing activities and also the estimated tax expenses. The value derived from the DCF valuation of the FCFF is equal to the net present value of all expected FCFF discounted at the appropriate tax-adjusted weighted average cost of capital (“WACC”).

(b) WACC

WACC used to discount the cash flows to the firm relates to the risk-adjusted rate of return on Suria Serenia Project as required by a generic capital holder.

For the purpose of determining the WACC of Suria Serenia Project, EY has considered the cost of equity of SGSB, expected market risk premium, risk free return on investment in long term Malaysia Government Securities (“MGS”), systematic risk or Beta (β) of Suria Serenia Project, cost of debt after tax and capital structure of SGSB.

EY had computed the WACC of Suria Serenia Project using the formula as stated below:-

$$WACC = \frac{E}{D + E} (K_e) + \frac{D}{D + E} (K_d) (1-T)$$

Where:-

- E = proportion of equity of the capital structure
- D = proportion of debt of the capital structure
- K_e = cost of equity
- K_d = cost of debt
- T = statutory tax rate of 25%

The valuation parameters adopted by EY in computing the WACC of Suria Serenia Project are as shown in the table below:-

No.	Parameters	Key assumptions
1.	Risk free rate (R _f)	The R _f is the rate of return on fifteen (15) years MGS which is 4.42%. The fifteen (15) years adopted is in view of the tenure of the Suria Serenia Project of thirteen (13) years. We are of the view that the R _f of 4.42% is reasonable as it gives a bigger discount, i.e. a more conservative approach.
2.	Beta (β), Systematic risk of equity	Beta is sensitivity of an asset's rate of return to the changes in market rate of return. It measures the correlation of systematic risk between the asset and the market. As SGSB and SDSDSB is not a listed company, EY had made reference to the levered beta of comparable companies within the property development industry. The adopted beta is 1.3 to 1.5. Our computation based on simple average of

No.	Parameters	Key assumptions
		<p>unlevered beta of the selected comparables* and re-levered to adjust for its capital structure is 1.282, hence we are of the opinion that the adopted rate of 1.3 to 1.5 by EY is reasonable.</p> <p>The unlevered beta is derived based on the following formula:-</p> $\beta_U = \frac{\beta_L}{[1+(1-T) \times D/E]}$
3.	Expected market rate of return, R _m	<p>R_m is the annual equity market return of Malaysia, which 10.93% is based on our finding based on the five (5) year annualised return of FTSE Bursa Malaysia Kuala Lumpur Index up to 15 April 2015. We note that EY has adopted 11.97% which is reasonable as it represents a more conservative approach.</p>
4.	Alpha (α), company/project specific risk premium	<p>The 3.0% to 6.0% company/project specific risk premium adopted is reasonable. EY has taken into account the projections risk in obtaining development order as planned, project launch date, estimated selling price, cost, sales rate, completion period and profitability.</p>
5.	Cost of equity (K _e)	<p>The K_e is derived based on the Capital Asset Pricing Model ("CAPM"), using the formula below:-</p> $K_e = R_f + \beta \times (R_m - R_f) + \alpha$ <p>For α =3% K_e = 4.42% + 1.28 (10.93% - 4.42)+ 3% = 15.77%</p> <p>For α =6% K_e = 4.42% + 1.28 (10.93% - 4.42)+ 6% = 18.76%</p> <p>Based on our computation using the CAPM, our K_e is approximately 15.77% to 18.76%. We note that EY has adopted a higher figure of 17% to 22%, of which we opine to be reasonable, as it represents a more conservative approach.</p>
6.	After tax cost of debt (K _d) (1-T)	<p>(K_d) (1-T) is the effective rate that a company pays on its debt, after taking into consideration the tax deductible element of interest expense. The tax rate adopted in the computation of (K_d) (1-T) is 25%.</p> <p>The tax rate adopted of 25% is based on Inland Revenue Board Of Malaysia for a company with paid-up share capital of more than RM2.5 million.</p>
7.	Capital structure	<p>The capital structure adopted was based on the selected comparable companies*. We are of the opinion that the capital structure adopted is reasonable as it is reflective to the capital structure of companies in the property development industry.</p>
8.	Reference date for valuation parameters	<p>31 December 2014, being the date used for R_f, α and β for Suria Serenia Project, R_m and (K_d) (1-T).</p>

Note:-

* The selected comparable companies and the computation of β of the selected comparable companies are set out in the table below.

Company name	Debt/Equity (D/E) (Times)	Levered β_L	Unlevered β_U
SP Setia Berhad	0.667	0.939	0.626
IOI Properties Group Berhad	0.252	1.077	0.906
UEM Sunrise Berhad	0.368	1.956	1.533
Mah Sing Group Berhad	0.435	1.368	1.032
Eco World Development Berhad	2.021	1.764	0.701
YNH Property Berhad	0.789	0.370	0.232
Glomac Berhad	0.802	0.957	0.598
Sentoria Group Berhad	0.227	0.442	0.378
Land & General Berhad	0.156	1.865	1.670
Hua Yang Berhad	0.499	1.269	0.923
TAHPS Group Berhad	0.000	0.466	0.466
OSK Property Holdings Berhad	0.511	0.695	0.503
M K Land Holdings Berhad	0.167	1.824	1.621
Symphony Life Berhad	1.294	1.062	0.539
Global Oriental Berhad	2.650	1.696	0.568
Asian Pac Holdings Berhad	1.732	1.407	0.612
Average	0.786	1.197	0.807
Re-levered β			1.282

Based on the above, EY had computed the WACC of 17% and 18% for the base case of Suria Serenia Project.

Our computation of the WACC is 13% to 15%, hence we are satisfied with the basis of the parameters adopted by EY for the R_f , R_m , α and β for Suria Serenia Project. We opine that the profile of the said MGS being used as a proxy for R_f as being reasonable given, among others, the tenure of the said MGS and it being issued by the Federal Government of Malaysia. The $R_m - R_f$ is consistent with the valuation methodology. In addition, the selection of the comparable company for the computation of the β for the Suria Serenia Project is acceptable and the methodology used to arrive at the said β is consistent with the valuation methodology.

(c) Terminal value

Terminal value is the present value at a future point in time of all future cash flows, growing at an assumed constant rate to perpetuity. However, as Suria Serenia Project has a finite timeframe, no terminal value is assumed in this DCF valuation.

Valuation of Suria Serenia Project

Using the DCF method to discount the expected future cash flows of the Suria Serenia Project from year 2015 to year 2027 at the base case WACC of 17% and 18%, the enterprise value of SGSB based on its 50% equity interest of SDSDSB are as follows:-

	WACC	
	17%	18%
Total present value of FCFF of SDSDSB (RM' million)	500	463
Enterprise value of 50% equity interest in SDSDSB (RM' million)	250	231

(ii) Market value of Suria Serenia Land as appraised by WTW

In valuing the Suria Serenia Land, WTW has adopted the Comparison Method of Valuation. The Comparison Method of Valuation was adopted as the sole method of valuation as Suria Serenia Land comprises nine (9) parcels of vacant development land with a preliminary planning approval which is subject to changes. Hence, other methods of valuation are considered not appropriate.

KAF Investment is satisfied with the bases and assumptions used by WTW in the Suria Serenia Land Valuation Report. As such, we have relied on the Suria Serenia Land Valuation Report to arrive at the market value of the Suria Serenia Land.

The following table summarises the sales evidence used in the Comparison Method of Valuation to determine the market value of Suria Serenia Land:-

Details	Comparable 1	Comparable 2	Comparable 3
Source	Announcement on Bursa Securities dated 2 January 2015	Announcement on Bursa Securities dated 4 July 2014	Announcement on Bursa Securities dated 19 March 2014
Lot No., Town, District and State	Lot 17171-17176, Lot 17180, 17182-17185 & Lot 17179, Mukim of Dengkil, District of Sepang, Selangor	Part of Lot 386, Mukim of Sungai Buloh, District of Petaling, Selangor	Part of Lot PT 33010, 33019- 33028, Mukim of Tanjong Dua Belas, District of Kuala Langat, Selangor
Address/Location	Located within Salak Perdana, Salak Tinggi, Sepang	Part of Elmina West, off Guthrie Corridor Expressway	South of Kota Kemuning, Tropicana Aman Development
Type	Development land	Development land	Development land
Tenure	Term in perpetuity (Freehold)	Term in perpetuity (Freehold)	Leasehold 99 years expiring 11 September 2110
Land area	237.27 acres (10,335,599 square feet ("sq ft"))	135.00 acres (5,880,600 sq ft)	308.72 acres (13,447,843 sq ft)
Date	2 January 2015	4 July 2014	19 March 2014
Consideration	RM227,383,174/-	RM239,800,000/-	RM470,674,512/-
Remarks	Net land with part of infrastructure done. With low cost component	Net land with major infrastructure. Without low cost component	Net land with shared major infrastructure between the vendor and the purchaser. Without low cost component
Vendor	NCT United Development Sdn Bhd	Sime Darby Elmina Development Sdn Bhd	Sapphire Index Sdn Bhd (Tropicana Corporation)
Purchaser	Paramount Corporation Berhad	Eastern and Oriental Express Sdn Bhd	Prominent Stream Sdn Bhd (Eco World Development Group Berhad)
Adjustments	<u>Upward</u>	<u>Upward</u>	<u>Upward</u>

Details	Comparable 1	Comparable 2	Comparable 3
	<ul style="list-style-type: none"> • Locality • Accessibility / visibility/ exposure (Highway/ major road) • Land status • Low cost component • Other 	<ul style="list-style-type: none"> • Time • Other 	<ul style="list-style-type: none"> • Time • Accessibility / visibility/ exposure (Highway/ major road) • Tenure • Major infrastructure
Adjustments	<u>Downward</u> <ul style="list-style-type: none"> • Size 	<u>Downward</u> <ul style="list-style-type: none"> • Locality • Size 	<u>Downward</u> <ul style="list-style-type: none"> • Locality
Adjusted Land Value (RM per square meter)	RM379/-	RM382/-	RM386/-
Adjusted Land Value (RM per square foot)	RM35/-	RM36/-	RM36/-

(Source: Suria Serenia Land Valuation Report)

We note from the Suria Serenia Land Valuation Report that the adopted RM35 per square foot for the market value of Suria Serenia Land is in line with the adjusted market value of the comparable lands which range from RM35 to RM36 per square foot.

Premised on the above, we are of the view that the SGSB Subscription Consideration is reasonable as:-

- (i) the SGSB Subscription Consideration is within the range of SGSB's enterprise value of 50% equity interest in SDSDSB of RM230 million to RM250 million as appraised by EY;
- (ii) the SGSB Subscription Consideration represents a discount of RM14.5 million or 5.7% to the market value of the Suria Serenia Land (based on the 50% equity interest in SDSDSB) as appraised by WTW;
- (iii) within the sales evidence value range of the comparable lands; and
- (iv) the prospect of the Suria Serenia Land.

5.2.2 SGSB RPS-B

We take note on the salient terms of the SGSB RPS-B as appended in Appendix IX of the Circular. We are of the opinion that the terms of the SGSB RPS-B are reasonable and not detrimental to the Non-Interested Shareholders.

5.2.3 SMSB Consideration

We take note the basis and justifications in arriving at the SMSB Consideration as set out in Section 2.2.1 of Part A of the Circular.

In evaluating the SMSB Consideration, we have taken into consideration the following:-

- (i) the market value of the SMSB Properties as appraised by WTW; and
- (ii) the net liability of SMSB based on the audited financial statements of SMSB for the financial year ended 31 December 2014.

KAF Investment's comments:-

Market value of the SMSB Properties

In evaluating the SMSB Consideration, we have taken into consideration the market value of the SMSB Properties as at 31 January 2015 as appraised by WTW using the residual and comparison methods of valuation, vide its valuation certificate dated 12 February 2015.

KAF Investment is satisfied with the bases and assumptions used by WTW in the SMSB Properties Valuation Report. As such, we have relied on the SMSB Properties Valuation Report to arrive at the market value of the SMSB Properties.

Residual Method of Valuation

The GDV and GDC are taken into account by using the Residual Method of valuation to assess the SMSB Properties.

GDV refers to the potential sales revenue achievable from the proposed development units.

GDV

Type of development	No of unit	Built-up area ("BUA") (sq ft)	Selling price over BUA (RM per square foot)	Total selling price (RM)	Amount collected (RM)	Balance (RM)
Phase 1: Plot C15⁽¹⁾						
2-storey mixed commercial industry	63	2,400	588	88,825,000	22,124,050	66,700,950
3-storey mixed commercial industry	41	3,600	553	81,582,000	23,423,006	58,158,994
Phase 2: Plot C23⁽²⁾						
3-storey mixed commercial industry	32	3,600	560	64,516,000	576,720	63,939,280
Future development plot			135	5,700,000	-	
Phase 2: Plot C24⁽²⁾						
2-storey mixed commercial industry	50	2,400	642	77,042,700	849,640	76,193,060
3-storey mixed commercial industry	25	3,600	569	51,238,000	-	51,238,000
Total						RM321,930,284

Notes:-

⁽¹⁾ Plot C15 achieved sale rate at about 91% (95 out of total 104 units) excluding 5 booked units.

⁽²⁾ Plot C23 and C24 second phase of the development launched after the Plot C15, recorded sale rate of about 16% (17 out of total of 107 units). The balance units were booked with deposit paid.

We note from the SMSB Properties Valuation Report, for the approved future development parcel in Plot C23, the estimated selling price is assessed at the rate of RM135 per square foot over land using the Comparison Method of Valuation.

The following table summarises the estimated selling prices of the comparables which is the basis for the future development plot in Plot C23:-

Details	Comparable 1	Comparable 2	Comparable 3
Lot No.	Lot 25764, Mukim Pulau, District of Johor Bahru, Johor	Lot 51699, Mukim Pulau, District of Johor Bahru, Johor	PTD 182025, Mukim Pulau, District of Johor Bahru, Johor
Location	Jalan Wira 1, Taman Tan Sri Yacob	Jalan Persisiran Perling 2, Taman Perling	Jalan SiLC 2/3, SiLC, Nusajaya
Type	Vacant commercial land	Vacant commercial land	Vacant industrial land
Tenure	Freehold	Freehold	Freehold
Land area (square foot)	22,174	38,395	71,365
Date	6 May 2014	19 August 2013	18 October 2013
Vendor	Jiwa Property Sdn Bhd	Big Kingdom Development Sdn Bhd	Local Basic Sdn Bhd
Purchaser	Lim Su Nam	Gigaplus Development Sdn Bhd	WN Motorworld Sdn Bhd
Consideration	RM3,326,250	RM5,375,000	RM8,572,608
Analysed land value (RM per square foot)	RM150	RM140	RM120
Adjustments	Time Factor, Tenure, Land Use, Size, Shape and Privilege (Medini Incentives & Support Package)		
Adjusted land value (RM per square foot)	RM135	RM131	RM145

We note that the adopted value of RM135 is within the range of the comparables. The adopted value of RM135 will translate into the selling price of RM5,700,000 for the future development plot in Plot C23.

GDC

The outstanding GDC of Plot C15, Plot C23 and Plot C24 are generally the balance sum of cost to be incurred in order to complete Plot C15, Plot C23 and Plot C24. The components of GDC are as set out in the table below.

Items	Units	Workings
Outstanding GDC		
Preliminaries, site clearance, infrastructure and building construction cost	RM	A
Finance cost ⁽¹⁾	RM	B
Survey and title fees	RM	C
Contribution and statutory charges	RM	D

Items	Units	Workings
Marketing and legal fees	RM	E
Project management and administrative fees	RM	F
Professional fees	RM	G
Contingencies	RM	H
Developer's profit and risk ⁽²⁾	RM	I
Total outstanding GDC	RM	J = A + B + C + D + E + F + G + H + I

Notes:-

- ⁽¹⁾ The rate adopted by WTW is 8.5% based on the enquiries done by WTW with financial institutions, i.e. Base Lending Rate (BLR) 6.5% per annum plus security margin of 1.0% to 2.5% per annum.
- ⁽²⁾ The rate adopted by WTW is 12.5% of GDV for sold units and 15% for unsold units, in tandem with the rate of return of 15% to 20% of the GDV based on WTW's surveys and enquiries with developers on the requirement for a developer to commit to a project development.

The market value of Plot C15, Plot C23 and Plot C24 based on the above is as summarised in the table below.

No.	Items	Workings	Note	Units	Values
1.	GDV	A		RM	321,930,284
2.	Less : Outstanding GDC	B		RM	169,654,650
3	Net GDV			RM	152,275,634
	Phase 1	C		RM	57,153,739
	Phase 2	D		RM	95,121,895
4.	Present value factor for Phase 1	E	(1)		0.8155
5.	Present value factor for Phase 2	F	(2)		0.7829
6.	Market value of Plot C15, Plot C23 and Plot C24	$G = (C \times E) + (D \times F)$	(3)	RM	121,000,000

Notes:-

- ⁽¹⁾ Based on the discount rate of 8.5% and in tandem with the finance rate over the estimated development period of 2.5 year.
- ⁽²⁾ Based on the discount rate of 8.5% and in tandem with the finance rate over the estimated development period of 3 year.
- ⁽³⁾ Rounded up by WTW.

Comparison Method of Valuation

Vacant commercial and serviced apartment plots

We take note that WTW has adopted Plot C8 as the base lot and further adjustment made for Plot C7, Plot C9, Plot C10, Plot C11 and Plot C12 based on the location/accessibility and permissibility plot ratio for the respective plots.

The following table summarises the sales evidence used in the Comparison Method of Valuation to determine the market value of Medini Landbanks for vacant commercial and serviced apartment plots:-

Details	Comparable 1	Comparable 2	Comparable 3
Lot No.	PTD 187605 to PTD 187612 & PTD 187615, Mukim Pulai, District of Johor Bahru, Johor	Master Lot Nos. PTD 170689, PTD 170690 & PTD 170691, Mukim Pulai, District of Johor Bahru, Johor	PTD 187578, Mukim Pulai, District of Johor Bahru, Johor
Location	Plots B43 to B51, Zone B Medini	Plots A45-1, A45-2, A45-3, A46-1, A46-2, A46-3 & A46-4, Zone A Medini	Plot B78, Zone B Medini
Type	Vacant residential and commercial lands	Vacant residential lands	Vacant commercial lands
Tenure	99-year lease	99-year lease	99-year lease
Land area	11.70 acres (509,652 square feet)	7.81 acres (340,204 square feet)	5.02 acres (218,671 square feet)
Permissible GFA (Plot Ratio ("PR"))	2,062,537 square feet (PR: 4.0)	2,060,735 square feet (PR: 6.1)	1,100,501 square feet (PR: 5.0)
Date	17 January 2014	6 December 2013	16 July 2013
Vendor	Ibzi Development (Johor) Sdn Bhd	Ibzi Development (Johor) Sdn Bhd	Medini Development Sdn Bhd
Purchaser	Macrolink International (Malaysia) Sdn Bhd	BCB Heights Sdn Bhd	UMLand Medini Lakeside Development Sdn Bhd
Consideration	RM154,690,275	RM123,644,100	RM77,035,070
Analysed land value (RM per square foot)	RM304	RM363	RM352
Adjustments	<u>Upward</u> <ul style="list-style-type: none"> • Time • Size • Zoning / land use • Plot ratio 	<u>Upward</u> <ul style="list-style-type: none"> • Time • Zoning / land use 	<u>Upward</u> <ul style="list-style-type: none"> • Time
Adjustments	<u>Downward</u> <ul style="list-style-type: none"> • Location /accessibility 	<u>Downward</u> <ul style="list-style-type: none"> • Location /accessibility • Plot ratio 	<u>Downward</u> <ul style="list-style-type: none"> • Location /accessibility • Visibility / exposure to highway
Adjusted land value (RM per square foot)	RM382	RM382	RM365

We note that WTW has adopted the value of RM380 per square foot for Plot C8 as fair value, which is within the range of the comparables above. The adjustments made for the other remaining commercial parcels are as follows:-

Base land value @ RM380 per square foot				
Plot no.	C7	C9	C10	C11 & C12
Adjustments	Nil	Location and plot ratio		
Adjusted land value (per square foot)	RM380	RM399	RM418	RM342
Rounded land value (per square foot)	RM380	RM400	RM420	RM340

In view of the above, the market value of each plots are as follows:-

Lot No.	Market value
Plot C7	RM80,400,000
Plot C8	RM72,200,000
Plot C9	RM68,000,000
Plot C10	RM78,700,000
Plot C11	RM52,400,000
Plot C12	RM52,600,000

Vacant office / warehouse plots

We take note that WTW has adopted Plot C16 as the base lot and further adjustment made for Plot C17, Plot C18, Plot C19, Plot C20, Plot C21 and Plot C22.

The following table summarises the sales evidence used in the Comparison Method of Valuation to determine the market value of Medini Landbanks for vacant office / warehouse plots:-

Details	Comparable 1	Comparable 2	Comparable 3
Lot No.	PTD 152689, Mukim Pulai, District of Johor Bahru, Johor	PTD 182025, Mukim Pulai, District of Johor Bahru, Johor	PTD 182027, Mukim Pulai, District of Johor Bahru, Johor
Location	SiLC, Nusajaya	SiLC, Nusajaya	SiLC, Nusajaya
Type	Vacant Industrial land	Vacant Industrial land	Vacant Industrial land
Tenure	Freehold	Freehold	Freehold
Land area	3.42 acres (149,102 sq ft)	1.64 acres (71,365 sq ft)	1.64 acres (71,472 sq ft)
Date	30 December 2013	18 October 2013	29 July 2013
Vendor	Multi-Fibre Sdn Bhd	Local Basic Sdn Bhd	Asiamost Sdn Bhd
Purchaser	LH Loh Resources Sdn Bhd	WN Motorworld Sdn Bhd	S.K. Tiong Development Sdn Bhd
Consideration	RM12,000,000	RM8,572,608	RM5,715,072
Analysed land value (RM per square foot)	RM80	RM120	RM80
Adjustments	<u>Upward</u> <ul style="list-style-type: none"> • Time • Zoning / land use • Others 	<u>Upward</u> <ul style="list-style-type: none"> • Time • Zoning / land use • Others 	<u>Upward</u> <ul style="list-style-type: none"> • Time • Zoning / land use • Others
Adjustments	<u>Downward</u> <ul style="list-style-type: none"> • Size • Tenure / 	<u>Downward</u> <ul style="list-style-type: none"> • Size • Tenure / 	<u>Downward</u> <ul style="list-style-type: none"> • Size • Tenure /

Details	Comparable 1	Comparable 2	Comparable 3
	restriction	restriction	restriction
Adjusted land value (RM per square foot)	RM97	RM139	RM101

We note that WTW has adopted the value of **RM110** per square foot for Plot C16 as fair value, which is within the range of the comparables above. The adjustments made for the other remaining commercial parcels are as follows:-

Base land value @ RM110 per square foot		
Plot no.	C17 to C20	C21 & C22
Adjustments	Nil	Shape
Adjusted land value (per square foot)	RM110	RM104
Rounded land value (per square foot)	RM110	RM105

In view of the above, the market value of each plots are as follows:-

Lot No.	Market value
Plot C16	RM38,100,000
Plot C17	RM30,000,000
Plot C18	RM25,900,000
Plot C19	RM20,600,000
Plot C20	RM15,400,000
Plot C21	RM25,100,000
Plot C22	RM17,500,000

The total market value of the SMSB Landbanks derived by the Comparison Method of Valuation is **RM576,900,000**.

We note from the SMSB Properties Valuation Report that WTW adopted a discount for the holding cost allowance of about 16.5%, to reflect the quantum allowance for bulk purchase (5.5%)⁽¹⁾, sales and marketing costs (1%)⁽²⁾ as well as profit and risk for the holding period (10%)⁽³⁾.

Notes:-

- (1) WTW has made adjustment that the plots will require a reasonable period of 18 months to be fully sold, a discount rate of 8% is adopted per annum where the differential sum between the total selling price (parcel by parcel basis) and selling price after adjustment is made.
- (2) Based on Seventh Schedule of the Valuers, Appraisers and Estate Agents Rules. WTW has adopted a fee of 1% based on the selling price taking into account the type, number of plots and total selling price of the subject plot as well as the industry practice in Johor Bahru market.
- (3) WTW has adopted a market norm of 10% of the total selling price as the expected profit/risk taking into account the subject is to be sold as vacant land with infrastructure.

The total market value after holding cost allowance is about **RM482,000,000**.

The market value of the SMSB Properties is as follows:-

Residual Method	Market value
Plot C15, C23 and C24	RM121,000,000
Comparison Method	
Plot C7 to C12 and C16 to C22	RM482,000,000
Market value	RM603,000,000
Round down to	RM600,000,000

We take note of the following as extracted from Section 2.2.1 of Part A of the Circular:-

"The SMSB Consideration of RM54,969,696 was arrived at on a willing-buyer willing-seller basis in the following manner:

	RM	RM
Vacant parcels – Comparison method		
Market value as at the Computation Date ⁽¹⁾	480,000,000	
Less:		
Land cost as at 31 January 2015	(73,024,647)	
Outstanding land payment	(237,531,935)	
Revaluation surplus		169,443,418
On-going development – Residual method		
Market value as at the Computation Date ⁽¹⁾	120,000,000	
Audited net liabilities of SMSB as at 31 December 2014 ⁽²⁾	(6,484,512)	113,515,488
Indicative valuation for SMSB		282,958,906
Indicative valuation for:		
20% equity interest ⁽³⁾		56,591,781
21% equity interest		59,421,370
Total consideration⁽⁴⁾		54,969,696

Notes:

⁽¹⁾ As valued by WTW vide its valuation report dated 12 February 2015.

⁽²⁾ Inclusive of the advances from Concord and from TCSB to SMSB of RM14.6 million and RM0.73 million respectively as at 31 December 2014.

⁽³⁾ After the future subscription of 7,500 and 92,500 new SMSB Shares by Concord and Creed respectively.

⁽⁴⁾ As depicted in the table above, the indicative valuation of SMSB is RM282.9 million. The 20% equity interest in SMSB after taking into consideration the aforementioned valuation is RM56.6 million ("20% SMSB Valuation"). The SMSB Consideration of approximately RM55 million represents a discount of approximately RM1.6 million or 2.86% from the 20% SMSB Valuation.

The total SMSB Consideration comprises the SMSB Consideration 1 and the SMSB Consideration 2 is as follows:

	RM
SMSB Consideration 1	53,121,296 [^]
SMSB Consideration 2	1,848,400 [*]

[^] Derived based on approximately 19% of the 20% SMSB Valuation, which is the effective shareholding of Sunsuria in SMSB (via Concord) arising from the intended future shares subscription by Creed and Sunsuria (via Concord) in SMSB.

^{*} Derived based on approximately 1% of the 20% SMSB Valuation, which is the direct shareholding of Sunsuria in SMSB arising from the intended future shares subscription by Creed and Sunsuria (via Concord) in SMSB."

We note the following in Section 2.2.1 of Part A of the Circular:-

- (i) that, there is an outstanding shareholder's advances provided by Concord to SMSB of approximately RM15.2 as at the Computation Date ("Concord's Advances"), and
- (ii) under the terms of the SMSB SPA 1, Datuk Ter and THK (being vendors of the Concord Sale Shares) shall procure that Concord and SMSB shall not without the prior consent of Sunsuria declare, make or pay any dividend or other distribution, including any cash receivable by Concord arising from the repayment of such shareholder's advances by SMSB to Concord prior to completion of SMSB SPA 1.

Upon completion of the Proposed SMSB Acquisitions, Sunsuria shall (via its equity interest in Concord) have the right to receive the repayment of the Concord's Advances, and hence the net purchase consideration under the Proposed SMSB Acquisitions is as follows:

	(RM)
Obligation by Sunsuria to pay the total consideration	54,969,696
Less : Pursuant to Sunsuria's assumption of rights to receive The Concord's Advances	(15,186,756)
Net purchase consideration	<u>39,782,940</u>

The above net purchase consideration as compared to the Put Option and Call Option under the SMSB Shareholders' Agreement to be bound and observed by Sunsuria pursuant to the deed of accession to be executed by Sunsuria with SSSB, SMSB, Datuk Ter, Concord, TCSB and Creed, upon completion of SMSB SPA 2 is as follows:-

	Put Option (RM)	Call Option ("Call Option 1") (RM)	Call Option ("Call Option 2") (RM)
Option Price	39,944,143	45,935,764	47,932,971
Net purchase consideration	39,782,940	39,782,940	39,782,940
Discount of the net purchase consideration over the Option Prices	161,203	6,152,824	8,150,031
Percentage	0.40%	13.39%	17.00%
Exercise period	1 April to 31 October 2016	1 April to 30 September 2016	1 October to 31 October 2016

As illustrated above, the net purchase consideration represents discounts to the prices of Put Option, Call Option 1 and Call Option 2 of RM161,203, RM6,152,824 and RM8,150,031 or 0.40%, 13.39% and 17.00% respectively.

Premised on the market value of the SMSB Properties as appraised by WTW, we are of the view that the SMSB Consideration is fair and reasonable as the SMSB Consideration represents a discount of approximately RM1,622,085 or 2.87% to the indicative valuation for the 20% effective equity interest of SMSB based on the market value of the SMSB Properties.

5.2.4 RNSB Subscription Consideration

We take note the basis and justifications in arriving at the RNSB Subscription Consideration as set out in Section 2.3.2 of Part A of the Circular.

KAF Investment's comments:-

In evaluating the RNSB Subscription Consideration, we have taken into consideration the market value of Suria Hills 2A and 2B as at 31 January 2015 as appraised by WTW using the residual method of valuation, vide its valuation certificate dated 12 February 2015, of RM57.0 million.

KAF Investment is satisfied with the bases and assumptions used by WTW in the Suria Hills Valuation Report. As such, we have relied on the Suria Hills Valuation Report to arrive at the market value of the Suria Hills 2A and 2B.

Residual Method of Valuation

The GDV and GDC are taken into account by using the Residual Method of valuation to assess the Suria Hills 2A and 2B.

GDV

GDV refers to the potential sales revenue achievable from the proposed development units.

We note from WTW Valuation Report that all bungalow plots within phase 2A (inclusive the one (1) booked unit) have fully sold, while for phase 2B, sixteen (16) bungalow plots have been sold.

The GDV for Suria Hills 2A and 2B are summarised as follows:-

Phase	No. of unit	Total land area (square feet)	Total selling price/SPA price (RM)	Amount collected (RM)	Balance (RM)
<i>Sold unit</i>					
Phase 2A	19*	205,947	45,876,315.00	35,017,507.50	10,858,807.50
Phase 2B	16	78,350	24,626,621.84	15,068,561.21	9,558,060.63

Phase	No. of unit	Total land area (square feet)	Proposed selling price (RM)	Amount collected (RM)	Balance (RM)
<i>Unsold unit</i>					
Phase 2B	33**	193,072	55,990,901.58	-	55,990,901.58

Grand total		477,369	126,493,838.42	50,086,068.71	76,407,769.71
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Notes:-

* Inclusive of one (1) unit which has been booked

** Inclusive of four (4) units which have been reserved.

We note that the average selling price per square feet for the sold unit of Phase 2B is RM314.32 and the average proposed selling price for the unsold unit of Phase 2B is RM290. We opine that the proposed selling price for unsold unit of Phase 2B is fair.

GDC

The outstanding GDC of Suria Hills 2A and 2B is generally the balance sum of cost to be incurred in order to complete Suria Hills 2A and 2B. The components of GDC are as set out in the table below.

Items	Units	Workings
Outstanding GDC		
Preliminaries work	RM	A
Statutory contribution	RM	B
Survey and qualified title	RM	C
Earthwork and site clearance	RM	D
Landscaping	RM	E
Infrastructure works	RM	F
Finance cost	RM	G
Administration and management fees	RM	H
Advertising, sales and marketing	RM	I
Professional fees	RM	J
Contingencies	RM	K
Developer's profit and risk ⁽¹⁾		L
Total outstanding GDC	RM	M = A + B + C + D + E + F + G + H + I + J + K + L

Notes:-

(1) *The rate adopted by WTW is 15% of the GDV, in tandem with the rate of return of 15% to 20% of the GDV based on WTW's surveys and enquiries with developers on the requirement for a developer to commit to a project development.*

The market value of the Suria Hills 2A and 2B based on the Suria Hills 2A and 2B Valuation Report is as summarised in the table below.

No.	Items	Workings	Notes	Units	Values
1.	GDV	A		RM	76,407,769.71
2.	Less : Outstanding GDC	B		RM	17,489,520.22
3	Net GDV	C = A - B		RM	58,918,249.49
4.	Present value factor	D	(1)		0.96
5.	Market value of the Suria Hills 2A and 2B	E = C x D	(2)	RM	57,000,000.00

Notes:-

(1) *Based on the discount rate of 8.5% and in tandem with the finance rate over the estimated development period of 0.5 year.*

(2) *Rounded up by WTW.*

Based on valuation of Suria Hills 2A and 2B above, the RNSB Subscription Consideration is considered fair as it is consistent with the market value of Suria Hills 2A and 2B.

5.2.5 RNSB RPS

We take note on the salient terms of the RNSB RPS as appended in Appendix X of the Circular. We are of the opinion that the terms of the RNSB RPS are reasonable and not detrimental to the Non-Interested Shareholders.

5.3 Mode of settlement of SGSB Subscription Consideration, SMSB Consideration and RNSB Subscription Consideration

5.3.1 Cash payment of RM249.97 million

We note that the mode of settlements in relation to the Interested Proposals shall be satisfied by:-

- (i) partly by cash and issuance of 102,040,816 new Sunsuria Shares for the SGSB Subscription Consideration; and
- (ii) entirely by cash for both the SMSB Consideration and the RNSB Subscription Consideration.

As noted from Section 2.5 of Part A of the Circular, the cash payment of RM249.97 million shall be funded via a combination of internally-generated funds, funds from the Fund Raising Exercise as well as bank borrowings. As stated in the circular to the shareholders of Sunsuria dated 18 April 2014 in relation to the Fund Raising Exercise, it has always been the intention of the Company that the proceeds arising from the Fund Raising Exercise shall be utilised for the property development expenses and future land/project acquisitions.

We note in Section 6.3 of Part A of the Circular that, should the Interested Proposals be funded in the event of Minimum Subscription Level, the gearing ratio based on its latest audited consolidated financial statements of the Sunsuria Group for the FYE 31 March 2014 will increase from zero to 0.05 times.

It is pertinent to note that any utilisation of internal funds is expected to result in a depletion of the Sunsuria Group's working capital, which may have an adverse effect on the cash flow

position of the Sunsuria Group, while taking up additional bank borrowings to finance the Interested Proposals would expose the Sunsuria Group to a greater financing risk with regard to the fluctuation in interest rates, which may have an effect on the Sunsuria Group's profitability as any increase in interest rate may affect the financial performance of the Sunsuria Group.

5.3.2 Reinvestment Shares Issue Price

The issue price for the Reinvestment Shares was based on the adjusted five (5)-day VWAP of Sunsuria Shares up to and including 5 March 2015, being the date immediately preceding the Price Determination Date of RM1.49. In view of the basis of determining the Reinvestment Shares Issue Price is based on market prices, we have undertaken an evaluation of the historical share price of the Sunsuria Shares and VWAP analysis to form our opinion on the fairness of the issue price of the Reinvestment Shares.

The premium and (discount) analyses of the Reinvestment Shares Issue Price based on the illustrative issue price of RM0.80 per Rights Share over the share price/VWAP of the Sunsuria Shares based on the following relevant market days are set out below:-

	Sunsuria Share Price/VWAP	After adjusting for the Rights Issue with Warrants	Reinvestment Shares Issue Price	(Discount)/Premium of the SGSB Consideration Shares Issue Price over the market price of adjusted Sunsuria Shares	
	(RM)	(RM)	(RM)	(RM)	%
5-day VWAP up to and including up to and including 5 March 2015	1.490	0.973	0.980	0.007	0.72
1-month VWAP up to and including up to and including 5 March 2015	1.510	0.978	0.980	0.002	0.20
3-month VWAP up to and including up to and including 5 March 2015	1.402	0.951	0.980	0.029	3.05
6-month VWAP up to and including up to and including 5 March 2015	1.348	0.937	0.980	0.043	4.59
1-year VWAP up to and including up to and including 5 March 2015	1.346	0.936	0.980	0.044	4.70

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The adjusted monthly highest and lowest traded closing market prices of the Sunsuria Shares on monthly basis after taking into account the TERP for the past twelve (12) months up to the April 2015 is presented in the table below:-

	High (RM)	Adjusted High (RM)	Low (RM)	Adjusted Low (RM)
2014				
May	1.66	1.02	1.55	0.99
June	1.60	1.00	1.27	0.92
July	1.36	0.94	1.26	0.92
August	1.33	0.93	1.27	0.92
September	1.31	0.93	1.28	0.92
October	1.33	0.93	1.26	0.92
November	1.37	0.94	1.29	0.92
December	1.33	0.93	1.27	0.92
2015				
January	1.42	0.96	1.32	0.93
February	1.53	0.98	1.43	0.96
March	1.62	1.01	1.48	0.97
April	2.05	1.11	1.50	0.98

(Source: Bloomberg)

We take note that the Reinvestment Shares Issue Price represents a **premium** of between 0.20% to 4.70% over the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year adjusted VWAP of Sunsuria Shares up to and including 5 March 2015. In addition, we note that the Reinvestment Shares Issue Price is mostly higher than the adjusted highest closing market price for the past twelve (12) months up to the Initial Announcement.

We opine that the pricing mechanism of the Reinvestment Shares Issue Price, which is computed based on the adjusted five (5)-day VWAP of Sunsuria Shares up to and including 5 March 2015, being the date immediately preceding the Price Determination Date of RM1.49 is fair and reasonable.

However, we note from Section 2.1.4 of Part A of the Circular, that should the Rights Issue With Warrants not be implemented or cannot be completed, the parties will renegotiate and mutually agree on the adjustments to be made on the Reinvestment Shares Issue Price and to the number of Reinvestment Shares.

Based on the analysis as set out above, we are of the view that the Reinvestment Shares Issue Price is fair and not detrimental to the Non-Interested Shareholders.

KAF Investment's comments:-

We are of the opinion that the modes of settlement of the Interested Proposals are considered reasonable. We wish to highlight that while settlement via issuance of shares will allow Sunsuria to conserve its cash reserves, however it will give rise to a corresponding dilution in Sunsuria's consolidated EPS as a result of the increase of the issued and paid-up share capital of Sunsuria.

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5.4 Salient terms of the Interested Proposal Agreements

Our commentaries on the salient terms of the Interested Proposal Agreements as set out in Section 2.7 of Part A of the Circular are as follows:-

Salient terms of the SMSB SPAs

Salient terms	KAF Investment's comments
<p>Due diligence exercise</p> <p>Sunsuria shall within a period of sixty (60) business days following the execution of the respective SMSB SPAs, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of Concord and SMSB by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the respective SMSB SPAs ("Due Diligence of Concord and SMSB"), at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of Concord and SMSB, and the Vendors shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the Due Diligence of Concord and SMSB.</p>	<p>: This term is reasonable as it represents a grace period for Sunsuria to examine and verify the financial and other affairs of the Target Companies at Sunsuria's costs and expenses and the Vendors shall cooperate and assist Sunsuria in carrying out the Target Companies Due Diligence.</p>
<p>Conditions precedent</p> <p>The Proposed SMSB Acquisitions are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the respective SMSB SPAs, or such later date as the parties to the respective SMSB SPAs may mutually agree ("SPA Cut-Off Date"):</p> <p>(a) the approval of the Shareholders at an EGM to be convened for the Proposed SMSB Acquisitions in accordance with the terms and conditions of the respective SMSB SPAs;</p> <p>(b) the approval or consent of the financiers/creditors of Concord and SMSB for, <i>inter alia</i>, the sale and transfer of the Concord Sale Shares and the SMSB Sale Shares in favour of Sunsuria, upon the terms and subject to the conditions of the respective SMSB SPAs, where required;</p> <p>(c) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving Concord and SMSB, where required, in each case to the extent that at the completion of the respective SMSB SPAs the same remain to be completed or performed or remain in force;</p> <p>(d) Sunsuria being satisfied with the results of the Due Diligence of Concord and SMSB;</p> <p>(e) in the case of the Proposed SMSB Acquisition 1, all conditions precedent in connection with the Proposed SMSB Acquisition 2 having been fulfilled or obtained in accordance with the terms and conditions of the SMSB SPA 2 (where applicable) other than the condition precedent set out in Section 2.7.1.2(f) of Part A of this Circular;</p> <p>(f) in the case of the Proposed SMSB Acquisition 2, all conditions precedent in connection with the Proposed SMSB Acquisition 1 having been fulfilled or obtained in accordance with the terms and conditions of the SMSB SPA 1 (where applicable) other than the condition precedent set out in Section 2.7.1.2(e) of Part A of this Circular; and</p>	<p>: These are common and reasonable terms to ensure the parties procure the requisite approvals in accordance with the relevant laws and regulatory requirements.</p> <p>Furthermore, the period of six (6) months to satisfy all the conditions precedent is reasonable as it allows reasonably sufficient time to obtain the necessary approvals.</p>

Salient terms	KAF Investment's comments
<p>(g) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties to the respective SMSB SPAs.</p> <p>As at the LPD, the aforesaid conditions precedent in respect of the Proposed SMSB Acquisitions have not been obtained/fulfilled by the parties.</p>	
<p>Termination in the event any conditions precedent is not fulfilled</p> <p>If:-</p> <p>(a) on the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;</p> <p>(b) on the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs have not been obtained or fulfilled or waived;</p> <p>(c) at any time prior to the expiry of the SPA Cut-Off Date, any of the conditions precedent of the respective SMSB SPAs shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or</p> <p>(d) at any time prior to the expiry of the SPA Cut-Off Date, Sunsuria has notified the respective Vendors in writing that it is not satisfied in respect of any part of the results of the Due Diligence of Concord and SMSB,</p> <p>then Sunsuria shall be entitled to terminate the respective SMSB SPAs by giving a notice of termination to that effect to the respective Vendors, whereupon the respective Vendors shall refund and repay to Sunsuria, or procure the refund and repayment to Sunsuria of all moneys paid by Sunsuria including the deposits referred to in Sections 2.2.2(a)(i) of Part A and 2.2.2(b)(i) of Part A of this Circular, free of interest and thereafter, the parties shall not have any further rights under the respective SMSB SPAs except in respect of:</p> <p>(i) any obligation under the respective SMSB SPAs which is expressed to apply after the termination of the respective SMSB SPAs; and</p> <p>(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the respective SMSB SPAs to either party to the respective SMSB SPAs prior to such termination.</p>	<p>These are reasonable terms as it secures Sunsuria's right in the event any of the conditions precedent is not fulfilled.</p> <p>We note that Sunsuria shall be entitled to terminate the SMSB SPAs by giving a notice of termination to that effect to the respective Vendors and the respective Vendors shall refund and repay to Sunsuria, or procure the refund and repayment to Sunsuria of all monies paid by Sunsuria including the deposits.</p>

Salient terms	KAF Investment's comments
<p>Valuation of Concord and SMSB</p> <p>(a) The respective Vendors acknowledge and agree that Sunsuria has prior to the date of the respective SMSB SPAs engaged WTW for the purposes of valuing <i>inter alia</i> the market value of the respective properties held by Concord and SMSB as at the Computation Date.</p> <p>(b) In the event that the market value of the properties held by Concord and SMSB as at the Computation Date shall be varied/adjusted pursuant to any comments provided by the relevant authorities on valuation reports prepared by WTW, the respective sale and purchase consideration payable by Sunsuria to the respective Vendors for the purchase of the Concord Sale Shares and the SMSB Sale Shares pursuant to the respective SMSB SPAs and the post-completion sum referred to in Section 2.2.2(a)(ii) of Part A and 2.2.2(b)(ii) of Part A of this Circular ("Post-Completion Sum") shall be adjusted upwards or downwards accordingly ("Purchase Consideration Adjustment"), and the SMSB Consideration and such Post-Completion Sum shall accordingly be deemed to be the sum as adjusted in accordance with this paragraph (b).</p> <p>(c) Notwithstanding the foregoing provisions of this paragraph and any other provision of the SMSB SPAs, if the Purchase Consideration Adjustment pursuant to the provisions of Section 2.7.1.4(b) of Part A shall amount to more than 5%* (the basis to ascertain the materiality threshold which warrants for adjustments) of any of the SMSB Consideration 1 or the SMSB Consideration 2, the parties to the respective SMSB SPAs shall be entitled to give notice to the other party immediately terminating the respective SMSB SPAs.</p> <p><i>Note:</i> * <i>Being the basis for the parties to ascertain the materiality threshold which warrants for adjustments.</i></p>	<p>These terms are reasonable as the valuation of the Target Companies will be based on valuation done by the independent valuer.</p> <p>We note that the consideration will be varied and adjusted accordingly based on comments provided by relevant authorities on the valuation prepared by the independent valuer.</p> <p>We further note that in the event the Purchase Consideration Adjustment amounting to more than 5% of any of the SMSB Consideration 1 or the SMSB Consideration 2, the parties to the respective SMSB SPAs shall be entitled to terminate the respective SMSB SPAs.</p>
<p>TCSB's advances</p> <p>(a) Sunsuria and TCSB acknowledge and covenant that SMSB is and shall as at the completion date as contemplated under the SMSB SPA 2 be free of any claims or debts relating to loans or advances extended to SMSB by TCSB, which amount to an aggregate sum of RM730,303.73 ("TCSB's Advances") as at the date of the SMSB SPA 2.</p> <p>(b) Accordingly, Sunsuria and TCSB agree and covenant that on completion of the SMSB SPA 2, Sunsuria shall repay the TCSB's Advances together with interest accrued at the rate prescribed in a deed in respect of group contribution dated 21 November 2014 issued by SMSB to SHSB, Concord and TCSB up to the date of completion of the SMSB SPA 2 to TCSB on behalf of SMSB and pursuant thereto, Sunsuria, TCSB and SMSB shall execute a deed of novation in respect of the novation and transfer to Sunsuria of all TCSB's rights, title, interest and benefits whatsoever of, in and to the TCSB's Advances.</p> <p>(c) In addition to the TCSB's Advances extended by TCSB to SMSB prior to the date of the SMSB SPA 2, Sunsuria acknowledges that TCSB and Concord (both being the shareholders of SMSB who jointly own 21% of the issued and paid-up share capital of SMSB) have agreed to collectively advance SMSB an unsecured shareholder's loan facility of up to the sum of RM2,500,000.00 pursuant to the terms of an existing loan agreement dated 21 November</p>	<p>These terms are reasonable as they effectively novates TCSB's rights, title, interest and benefits whatsoever of, in respect of the TCSB's Advances from TCSB to Sunsuria at the date of completion of the SMSB SPA 2.</p>

Salient terms	KAF investment's comments
<p>2014 entered into with SMSB. Sunsuria agrees and undertakes that in the event TCSB grants and extends the shareholder's loan facility or any part thereof to SMSB after the date of the SMSB SPA 2 pursuant to the terms of such loan agreement, Sunsuria shall:</p> <p>(i) procure SMSB to fully repay such shareholder's loan facility granted and extended by TCSB to SMSB pursuant to such loan agreement on the completion date of the SMSB SPA 2; or</p> <p>(ii) repay such shareholder's loan facility to TCSB on behalf of SMSB and pursuant thereto, the parties agree and they shall on the completion date of the SMSB SPA 2, execute a deed of novation in respect of the novation and transfer to Sunsuria of all TCSB's rights, title, interest and benefits whatsoever of, in and to such shareholder's loan facility granted pursuant to the existing loan agreement.</p>	
<p>Tax</p> <p>(a) The respective Vendors will be responsible for paying and settling all RPGT (if any) payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs as may be assessed by the Director-General of Inland Revenue under the provisions of the RPGT Act.</p> <p>(b) The respective Vendors shall keep Sunsuria indemnified against all claims, costs, damages, fines or penalties which may be brought, suffered or levied against Sunsuria as a result of the respective Vendors not complying with any of the provisions of the RPGT Act, including any claims by the Director-General of Inland Revenue arising from any default in payment of any RPGT payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs.</p> <p>(c) In respect of the SMSB SPA 1:</p> <p>(i) The respective vendors, namely Datuk Ter and THK, and Sunsuria warrant and confirm that Concord is deemed by the relevant tax authorities to be a 'real property company' under the RPGT Act.</p> <p>(ii) The respective vendors, namely Datuk Ter and THK warrant and confirm that there are no chargeable gains arising from the disposal of the Concord Sale Shares and accordingly such disposal of the Concord Sale Shares is deemed to be a "no gain no loss" transaction under the RPGT Act. Accordingly, the parties agree that there shall not be any amount of moneys retained from the SMSB Consideration 1 for the purposes of payment of RPGT.</p>	<p>: These terms set out the obligation by the respective Vendors to pay and settle the RPGT, if any, pursuant to the respective SMSB SPAs as may be assessed by the Director-General of Inland Revenue under the provisions of the RPGT Act.</p> <p>These terms also set out that Sunsuria shall be kept indemnified against all claims, costs, damages, fines or penalties which may be brought, suffered or levied against Sunsuria as a result of the respective Vendors not complying with any of the provisions of the RPGT Act, including any claims by the Director-General of Inland Revenue arising from any default in payment of any RPGT payable on the disposal of the Concord Sale Shares and the SMSB Sale Shares and the deemed disposal of the real property assets of Concord and SMSB pursuant to the respective SMSB SPAs.</p>

Salient terms	KAF Investment's comments
<p>(d) In respect of the SMSB SPA 2:</p> <p>(i) TCSB and Sunsuria warrant and confirm that SMSB is deemed by the relevant tax authorities to be a 'real property company' under the RPGT Act.</p> <p>(ii) In the event there shall be any RPGT payable on the disposal of the SMSB Sale Shares under law, Sunsuria is authorised to:</p> <p>(1) retain a sum equivalent to 3% of the SMSB Consideration 2 pursuant to Section 21B of the RPGT Act; and</p> <p>(2) pay and/or deal with such retention sum or any portion thereof in any manner that may be directed by the Director-General of Inland Revenue or the RPGT Act or any amendments or statutory modification or any orders thereof by submitting the necessary forms to the Director General of Inland Revenue and comply with all necessary directives that may be issued by the Director General of Inland Revenue (if applicable).</p> <p>(iii) If the retention sum is insufficient to pay for the RPGT payable on the disposal of the SMSB Sale Shares pursuant to the SMSB SPA 2, TCSB will upon being notified thereof, immediately pay the difference to the Director-General of Inland Revenue.</p>	

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Salient terms	KAF Investment's comments								
<p>Deed of accession under the Existing Shareholders' Agreement</p> <p>(a) TCSB and Sunsuria acknowledge that Sunsuria shall on completion of the SMSB SPA 2, execute a deed of accession to observe, perform and be bound by all terms of the SMSB Shareholders' Agreement and assume all the obligations of TCSB with respect to the SMSB Sale Shares in every respect, which are capable of applying to Sunsuria as a shareholder of SMSB, as if it is a party to the SMSB Shareholders' Agreement.</p> <p>(b) Sunsuria acknowledges and confirms that following the execution of the deed of accession, pursuant to the terms of the SMSB Shareholders' Agreement, during the period commencing from 1 April 2016 until 31 October 2016 (inclusive of both dates):</p> <p>(i) Sunsuria shall have an option to require Creed to purchase all (but not some only) of the SMSB Shares then held by Sunsuria at a purchase price per SMSB Share equal to the Creed's acquisition cost per SMSB Share, which is equal to RM147.94 per SMSB Share (if the number of SMSB Shares remain unaltered from 28 November 2014 ("Effective Date")).</p> <p>Note:- * <i>Being the completion date on which Creed subscribed and/or acquired an effective stake of 612,500 SMSB Shares and Concord subscribed for an additional 12,500 SMSB Shares.</i></p> <p>(ii) Creed shall have an option to require Sunsuria to sell all (but not some only) of the SMSB Shares held by Sunsuria at the following price per SMSB Share in column 2 of the table below if the call option is exercised during the period as set forth in column 1 of the table below:</p>	<p>: The deed of accession to be executed will bind Sunsuria to the terms of the SMSB Shareholders' Agreement which include among others, the Put Option and Call Option. An execution of such deed of accession is necessary to ensure and address the legal transfer and conferment of rights and obligations of Concord and TCSB to Sunsuria.</p> <p>Our evaluation on the effect of the deed of accession is set out in Section 5.2.3 above.</p>								
<table border="1"> <thead> <tr> <th data-bbox="284 1290 595 1339">Column 1</th> <th data-bbox="595 1290 991 1339">Column 2</th> </tr> <tr> <th data-bbox="284 1339 595 1384">Call Period</th> <th data-bbox="595 1339 991 1384">Price per Share</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1384 595 1581">1 April 2016 to 30 September 2016 (inclusive of both dates)</td> <td data-bbox="595 1384 991 1581">115% of the Creed's acquisition cost per share which is equal to RM170.13 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).</td> </tr> <tr> <td data-bbox="284 1581 595 1778">1 October 2016 to 31 October 2016 (inclusive of both dates)</td> <td data-bbox="595 1581 991 1778">120% of the Creed's acquisition cost per share which is equal to RM177.52 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).</td> </tr> </tbody> </table>	Column 1	Column 2	Call Period	Price per Share	1 April 2016 to 30 September 2016 (inclusive of both dates)	115% of the Creed's acquisition cost per share which is equal to RM170.13 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).	1 October 2016 to 31 October 2016 (inclusive of both dates)	120% of the Creed's acquisition cost per share which is equal to RM177.52 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).	
Column 1	Column 2								
Call Period	Price per Share								
1 April 2016 to 30 September 2016 (inclusive of both dates)	115% of the Creed's acquisition cost per share which is equal to RM170.13 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).								
1 October 2016 to 31 October 2016 (inclusive of both dates)	120% of the Creed's acquisition cost per share which is equal to RM177.52 per SMSB Share (if the number of SMSB Shares remains unaltered from the Effective Date).								

Salient terms	KAF investment's comments
<p>Termination of the SMSB SPAs</p> <p>(a) Each party to the respective SMSB SPAs shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the respective SMSB SPAs, the other party commits any continuing or material breach of any of its obligations under the respective SMSB SPAs which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice to do so, or <i>inter alia</i>, a winding up or insolvency events occurs.</p> <p>(b) If the respective SMSB SPAs are terminated by the relevant Vendors and the relevant Vendors elect not to pursue the remedy of specific performance, the relevant Vendors shall, within fourteen (14) days after issuance of the notice of termination, return, refund and repay to Sunsuria any and all moneys in excess of a sum equivalent to 10% of the purchase consideration (which shall be forfeited as agreed liquidated damages) held by or on behalf of the relevant Vendors pursuant to the terms of the respective SMSB SPAs, free of interest (if any), and Sunsuria shall, in exchange with the performance by the respective Vendors of such obligations, within fourteen (14) days after Sunsuria's receipt of the notice of termination, return to the relevant Vendors all documents, if any, delivered to it by or on behalf of Concord, SMSB or the relevant Vendors. Thereafter, the relevant Vendors shall in exchange with the performance by Sunsuria of such obligations, return to Sunsuria all documents, if any, delivered to them by or on behalf of Sunsuria.</p> <p>(c) If the respective SMSB SPAs are terminated by Sunsuria and Sunsuria elects not to pursue the remedy of specific performance, the relevant Vendors shall, within fourteen (14) days after receipt of the notice of termination, return to Sunsuria all documents, if any, delivered to it by or on behalf of Sunsuria, procure that Concord and SMSB to return to Sunsuria all such documents (if any), return, refund and repay to Sunsuria any and all moneys (including the deposit) (if any) received by the relevant Vendors towards account of the purchase consideration held by or on behalf of the relevant Vendors pursuant to the terms of the respective SMSB SPAs, together with any interest accrued thereon (if any), and pay a sum equivalent to 10% of the purchase consideration as agreed liquidated damages to Sunsuria. Sunsuria shall, in exchange for the performance by the relevant Vendors of such obligations, within fourteen (14) days after the notice of termination, return to the relevant Vendors all documents, if any, delivered to it by or on behalf of Concord, SMSB or the relevant Vendors.</p>	<p>These are common and reasonable terms which serve to safeguard the interests of the parties to the contract in the event of default by either party.</p>

Salient terms	KAF Investment's comments
<p>Vendors' rights upon non-payment of the Post-Completion Sum</p> <p>(a) The Vendors agree, confirm and acknowledge that in the event that Sunsuria breaches its obligation under the respective SMSB SPAs to pay and settle any part of the Post-Completion Sum on or before the SMSB Payment Date, respectively, the Vendors shall be entitled to initiate such action as may be available to the Vendors in law to recover or claim for the outstanding part of the Post-Completion Sum solely on the basis of the Post-Completion Sum being a debt due from Sunsuria to the Vendors.</p> <p>(b) The Vendors agree, confirm and acknowledge that notwithstanding any other provisions of the SMSB SPAs, the Vendors shall not be entitled to terminate the respective SMSB SPAs on account of any such non-payment of the Post-Completion Sum or to initiate any action which may require Sunsuria to re-transfer the Concord Sale Shares and the SMSB Sale Shares to the respective Vendors or to discharge any charge or other security entered over the Concord Sale Shares and the SMSB Sale Shares on behalf of Sunsuria or otherwise howsoever for beach on the part of Sunsuria arising from such non-payment.</p>	<p>:</p> <p>These terms set out the respective Vendors' rights in the event of non-payment of the Post-Completion Sum.</p>
<p>Vendors entitled to appoint a nominee</p> <p>The parties agree that, at any time prior to the completion of the respective SMSB SPAs, the Vendors will be entitled to appoint a nominee to receive and accept the purchase consideration in place of the respective Vendors by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, Sunsuria undertakes to pay the purchase consideration to the said nominee at the sole and absolute costs and expenses of the respective Vendors or their nominee(s) and provided always that the respective Vendors shall fully indemnify Sunsuria for all and any costs and expenses thereby incurred in respect thereof.</p>	<p>:</p> <p>This term is common and reasonable as it gives the respective Vendors the right to appoint a nominee to receive and accept the purchase consideration in place of the respective Vendors by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee.</p>

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Salient terms of the RNSB Subscription Agreement

Salient terms	KAF Investment's comments
<p>RNSB Subscription Consideration</p> <p>(a) Sunsuria, RNSB and SDSB (being the existing shareholder of RNSB) have agreed that notwithstanding that the RNSB Subscription Consideration shall not have been paid as at the completion of the RNSB Subscription Agreement, RNSB shall on the completion date of the RNSB Subscription Agreement, proceed with the allotment and issuance of the relevant RNSB Subscription Shares to Sunsuria. Upon completion of such obligations, the RNSB Subscription Agreement shall be deemed to have been completed and the RNSB Subscription Consideration shall thereupon constitute a debt due and owing from Sunsuria to RNSB, which shall be payable by Sunsuria to RNSB in accordance with the provisions of Section 2.3.3 of Part A of this Circular.</p> <p>(b) The RNSB Subscription Shares shall be issued:</p> <p>(i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title;</p> <p>(ii) with all rights attaching thereto (including, in the case of the RNSB Shares, all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of their allotment; and</p> <p>(iii) in the case of the RNSB RPS, with such rights, privileges and restrictions as set out in Appendix X of this Circular.</p>	<p>: These terms are reasonable as the RNSB Subscription Consideration will be funded by the funds from the Fund Raising Exercise, which will be implemented after the Interested Proposals.</p>
<p>RNSB Due Diligence</p> <p>Sunsuria shall within a period of sixty (60) business days following the execution of the RNSB Subscription Agreement, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of RNSB by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the RNSB Subscription Agreement ("RNSB Due Diligence") at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of RNSB and SDSB shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the RNSB Due Diligence.</p>	<p>: This term is reasonable as it represents a grace period for Sunsuria to examine and verify the financial and other affairs of RNSB at Sunsuria's costs and expenses and the Vendors shall cooperate and assist Sunsuria in carrying out the RNSB Due Diligence.</p>
<p>Conditions Precedent</p> <p>The Proposed RNSB Subscription is conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the RNSB Subscription Agreement, or such later date as the parties to the RNSB Subscription Agreement may mutually agree ("RNSB SA Cut-Off Date");</p> <p>(a) RNSB having obtained the approval of SDSB (whether in a general meeting or by way of a circular resolution) to the amendments of RNSB's memorandum and articles and association and the issuance of the RNSB Subscription Shares upon the terms and conditions of the RNSB Subscription Agreement, if required;</p> <p>(b) the amendment of the articles and association of RNSB to incorporate the terms of the RNSB Subscription Agreement</p>	<p>: These are common and reasonable terms to ensure the parties procure the requisite approvals in accordance with the relevant laws and regulatory requirements.</p> <p>Furthermore, the period of six (6) months to satisfy all the conditions precedent is reasonable as it allows reasonably sufficient time to obtain the necessary approvals.</p>

Salient terms	KAF Investment's comments
<p>and the rights, privileges and restrictions of the RNSB RPS as set out under Appendix X of this Circular to the satisfaction of the parties to the RNSB Subscription Agreement;</p> <p>(c) the lodgement of relevant forms with the Registrar of Companies in relation to the increase of the authorised share capital and amendment of the memorandum and articles of association of RNSB, where required;</p> <p>(d) the approval of Shareholders at an EGM to be convened for the Proposed RNSB Subscription in accordance with the terms and conditions of the RNSB Subscription Agreement;</p> <p>(e) the approval or consent of the financiers/creditors of RNSB for, <i>inter alia</i>, the issuance and allotment of the RNSB Subscription Shares in favour of Sunsuria, upon the terms and subject to the conditions of the RNSB Subscription Agreement, where required;</p> <p>(f) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving RNSB, where required, in each case to the extent that at the completion of the RNSB Subscription Agreement the same remain to be completed or performed or remain in force;</p> <p>(g) Sunsuria being satisfied with the results of the RNSB Due Diligence; and</p> <p>(h) all other approvals, waivers or consents of any authorities or parties as may be necessary or required by law or regulation or deemed necessary by the parties to the RNSB Subscription Agreement.</p> <p>As at the LPD, the aforesaid conditions precedent in respect of the Proposed RNSB Subscription have not been obtained/fulfilled by the parties.</p>	
<p>Termination in the event any conditions precedent is not fulfilled</p> <p>If:</p> <p>(a) on the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;</p> <p>(b) on the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement have not been obtained or fulfilled or waived;</p> <p>(c) at any time prior to the expiry of the RNSB SA Cut-Off Date, any of the conditions precedent of the RNSB Subscription Agreement shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or</p> <p>(d) at any time prior to the expiry of the RNSB SA Cut-Off Date, Sunsuria has notified RNSB and SDSB in writing that it is not</p>	<p>: These are reasonable terms as it secures Sunsuria's right in the event any of the conditions precedent is not fulfilled.</p> <p>We note that Sunsuria shall be entitled to terminate the RNSB SA by giving a notice of termination to that effect to RNSB and SDSB.</p>

Salient terms	KAF Investment's comments
<p>satisfied in respect of any part of the results of the RNSB Due Diligence,</p> <p>then Sunsuria shall be entitled to terminate the RNSB Subscription Agreement by giving a notice of termination to that effect to RNSB and SDSB, whereupon the parties shall not have any further rights under the RNSB Subscription Agreement except in respect of:</p> <p>(1) any obligation under the RNSB Subscription Agreement which is expressed to apply after the termination of the RNSB Subscription Agreement; and</p> <p>(2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the RNSB Subscription Agreement to either party of the RNSB Subscription Agreement prior to such termination.</p>	
<p>Valuation of RNSB</p> <p>(a) RNSB and SDSB acknowledge and agree that Sunsuria has prior to the date of the RNSB Subscription Agreement engaged WTW for the purposes of valuing <i>inter alia</i> the market value of Suria Hills 2A and 2B as at the Computation Date.</p> <p>(b) In the event that the market value of Suria Hills 2A and 2B as at the Computation Date shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation report prepared by WTW, the RNSB Subscription Consideration and the number of the RNSB RPS shall be adjusted upwards or downwards accordingly.</p> <p>(c) Notwithstanding the foregoing provisions of this paragraph and any other provision of the RNSB Subscription Agreement, if the adjustment pursuant to Section 2.7.2.5(b) of Part A of this Circular shall amount to more than 5% (the basis to ascertain the materiality threshold which warrants for adjustments) of the aggregate RNSB Subscription Consideration, either party shall be entitled to give notice to the other party immediately terminating the RNSB Subscription Agreement.</p>	<p>: These terms are reasonable as the valuation of RNSB will be based on valuation done by the independent valuer.</p> <p>We note that the consideration will be varied and adjusted accordingly based on comments provided by the relevant authorities on the valuation prepared by the independent valuer.</p> <p>We further note that in the event the RNSB Subscription Agreement adjustment amounting to more than 5% of the aggregate RNSB Subscription Consideration, the parties to the RNSB Subscription Agreement shall be entitled to terminate the RNSB Subscription Agreement.</p>
<p>Stamp duty and/or registration charges</p> <p>RNSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the RNSB Subscription Agreement and the subscription for and issuance of the RNSB Subscription Shares, if applicable.</p>	<p>: This term is reasonable as it sets out that RNSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the RNSB Subscription Agreement and the subscription for and issuance of the RNSB Subscription Shares, if applicable.</p>

Salient terms	KAF Investment's comments
<p>Termination of the RNSB Subscription Agreement</p> <p>(a) Each party to the RNSB Subscription Agreement shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the RNSB Subscription Agreement, the other party commits any continuing or material breach of any of its obligations under the RNSB Subscription Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or <i>inter alia</i>, a winding up or insolvency events occurs.</p> <p>(b) If a notice terminating the RNSB Subscription Agreement is duly given by either of the parties to the RNSB Subscription Agreement, and such parties elect not to pursue the remedy of specific performance, then within fourteen (14) business days of the giving of the notice:</p> <p>(1) all documents, records and other information delivered by a party to any other party or the other parties collectively pursuant to or connected with the RNSB Subscription Agreement shall be returned to the relevant party or parties;</p> <p>(2) any and all moneys (if any) received by RNSB forming the whole or any part of the RNSB Subscription Consideration pursuant to the terms of the RNSB Subscription Agreement, free from any interest accrued thereon (if any), shall be returned, refunded and repaid to Sunsuria; and</p> <p>(3) neither party to the RNSB Subscription Agreement shall have any further rights or obligations under the RNSB Subscription Agreement to the other party except in respect of:</p> <p>(i) any rights or obligations under the RNSB Subscription Agreement which are expressed to apply after the termination of the RNSB Subscription Agreement; and</p> <p>(ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the RNSB Subscription Agreement to either party prior to such termination.</p>	<p>:</p> <p>These are common and reasonable terms which serve to safeguard the interests of the parties to the contract in the event of default by either party.</p>

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Salient terms of the SGSB Subscription Agreement and the Supplemental SGSB Subscription Agreement

Comparison between the SGSB Subscription Agreement and the Supplemental SGSB Subscription Agreement in respect of the Proposed Variation are set out in the table below.

Original SGSB Subscription Agreement	Supplemental SGSB Subscription Agreement
<p>Clause 4.4 - Maximum aggregate redemption sum</p> <p>-</p>	<p>Clause 4.4 - Maximum aggregate redemption sum</p> <p>Notwithstanding any such further issuance of SGSB RPS-A pursuant to clause 4.3 and notwithstanding any other provisions of the SGSB Subscription Agreement, the aggregate maximum redemption sum payable for full and final capital redemption of all the SGSB RPS-A issued or to be issued by SGSB shall be fixed and not under any circumstances whatsoever exceed a sum of RM168,390,000.</p>
<p>Clause 6.1 – Partial redemption of RPS-A</p> <p>SGSB shall on the SGSB Payment Date redeem and cancel 10,000,000 SGSB RPS-A then in issue which are held by Datuk Ter, which represents part of the existing SGSB RPS-A outstanding. The remaining SGSB RPS-A outstanding following the issuance of further SGSB RPS-A as contemplated in clause 4.3 shall be redeemed by SGSB as and when the cash flow and financial position of SGSB shall permit/allow.</p>	<p>Clause 6.1 – Full redemption of SGSB RPS-A</p> <p>SGSB shall on the SGSB Payment Date redeem and cancel all SGSB RPS-A then in issue which are held by Datuk Ter. For the avoidance of doubt, the full and final capital redemption amount payable to redeem all outstanding SGSB RPS-A issued or to be issued by SGSB shall in aggregate amount to a maximum sum of RM168,390,000, as referred to in clause 4.4.</p>
<p>Clause 6.2 – Subscription by Datuk Ter for Reinvestment Shares and set-off arrangement</p> <p>(a) Datuk Ter irrevocably undertakes that immediately upon SGSB notifying Datuk Ter of the RPS-A Redemption, Datuk Ter shall on the SGSB Payment Date subscribe for, and Sunsuria agrees to allot and issue to Datuk Ter or his nominee(s), 102,040,816 Reinvestment Shares at the Reinvestment Shares Issue Price, amounting to an aggregate subscription price of RM100,000,000 ("Reinvestment Shares Subscription Price").</p> <p>(b) The parties have agreed upon Datuk Ter subscribing for the Reinvestment Shares:-</p> <p>(1) the subscription price for the Reinvestment Shares shall be wholly set-off against the redemption sum payable by SGSB in respect of the redemption of the SGSB RPS-A (amounting to RM100,000,000); and</p> <p>(2) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the subscription price payable in respect of the SGSB RPS-B.</p>	<p>Clause 6.2 - Subscription by Datuk Ter for Reinvestment Shares and set-off arrangement</p> <p>(a) Datuk Ter irrevocably undertakes that immediately upon SGSB notifying Datuk Ter of the RPS-A Redemption, Datuk Ter shall on the SGSB Payment Date subscribe for, and Sunsuria agrees to allot and issue to Datuk Ter or his nominee(s), 102,040,816 Reinvestment Shares at the Reinvestment Shares Issue Price, amounting to an aggregate subscription price of RM100,000,000 ("Reinvestment Amount").</p> <p>(b) The parties have agreed that upon Datuk Ter subscribing for the Reinvestment Shares:-</p> <p>(1) the subscription price for the Reinvestment Shares shall be wholly set-off against part of the redemption sum payable by SGSB in respect of the redemption of the SGSB RPS-A (the aggregate maximum amount of which is RM168,390,000); and</p> <p>(2) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the subscription price payable in respect of the SGSB RPS-B.</p> <p>(c) The parties agree and covenant that SGSB shall pay the sum of RM68,390,000 in cash to Datuk Ter after the completion of the set-off arrangement referred to in clause 6.2(b) above, being the remaining capital</p>

Original SGSB Subscription Agreement	Supplemental SGSB Subscription Agreement
	redemption sum payable by SGSB to Datuk Ter in respect of the redemption of the SGSB RPS-A Redemption.

KAF Investment's comments:-

We take note of the variation to the SGSB Subscription Agreement. The full redemption of RPS-A shall constitute full and final capital return of all the existing SGSB RPS-A held by Datuk Ter and thereafter there will be no further issuance of SGSB RPS-A by SGSB. We are of the view that the terms are reasonable and not detrimental to the Non-Interested Shareholders as the Company will have full control over SGSB.

Salient terms	KAF Investment's comments
<p>SGSB Subscription Consideration</p> <p>(a) Sunsuria, SGSB, Datuk Ter and Datin Kwan (being the existing shareholders of SGSB) have agreed that notwithstanding that the SGSB Subscription Consideration shall not have been paid (via cash and the Reinvestment Shares) as at the completion of the SGSB Subscription Agreement, SGSB shall on the completion date of the SGSB Subscription Agreement, proceed with the allotment and issuance of the relevant SGSB Subscription Shares and SGSB Subscription RPS-B to Sunsuria and the completion of its obligations set out in the SGSB Subscription Agreement. Upon completion of such obligations, the SGSB Subscription Agreement shall be deemed to have been completed and the SGSB Subscription Consideration (net of the Reinvestment Amount) shall thereupon constitute a debt due and owing from Sunsuria to SGSB, which shall be payable by Sunsuria to SGSB in accordance with the provisions of Section 2.1.3(a) of Part A of this Circular.</p> <p>(b) The SGSB Subscription Shares and the SGSB Subscription RPS-B shall be issued:</p> <p>(i) free from all claims, liens, charges and encumbrances and with full legal and beneficial title;</p> <p>(ii) with all rights attaching thereto (including, in the case of the SGSB Subscription Shares, all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of their allotment; and</p> <p>(iii) in the case of the SGSB Subscription RPS-B, with such rights, privileges and restrictions as set out in Appendix IX of this Circular.</p>	<p>: These terms are reasonable as the SGSB Subscription Consideration will be funded by the funds from the Fund Raising Exercise, which will be implemented after the Interested Proposals.</p>
<p>SGSB Due Diligence</p> <p>Sunsuria shall within a period of sixty (60) business days following the execution of the SGSB Subscription Agreement, be entitled to embark on and complete the process of examination and verification of the financial and other affairs of the SGSB Group by accountants, valuers, solicitors or such other professionals (if required) appointed by Sunsuria for the purposes of the SGSB Subscription Agreement ("SGSB Due Diligence") at its own costs and expenses, whereby Sunsuria shall examine and verify the financial and accounting matters, legal affairs, share capital and structure, commitments, contracts and other affairs of the SGSB</p>	<p>: This term is reasonable as it represents a grace period for Sunsuria to examine and verify the financial and other affairs of the SGSB Group at Sunsuria's costs and expenses and the Vendors shall cooperate and assist Sunsuria in carrying out the SGSB Due Diligence.</p>

Salient terms	KAF Investment's comments
<p>Group and SGSB and Datuk Ter and Datin Kwan shall extend all reasonable assistance to cooperate with and assist Sunsuria in carrying out the SGSB Due Diligence.</p>	
<p>Conditions Precedent</p> <p>The Proposed SGSB Subscription and the Proposed Reinvestment are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) within a period of six (6) months from the date of the SGSB Subscription Agreement, or such later date as the parties to the SGSB Subscription Agreement may mutually agree ("SGSB SA Cut-Off Date"):</p> <ul style="list-style-type: none"> (a) SGSB having obtained the approval of Datuk Ter and Datin Kwan (whether in a general meeting or by way of a circular resolution) to the amendments of SGSB's memorandum and articles of association and the issuance of the SGSB Subscription Shares and the SGSB Subscription RPS-B upon the terms and conditions of the SGSB Subscription Agreement, if required; (b) the amendment of the articles of association of SGSB to incorporate the terms of the SGSB Subscription Agreement and the rights, privileges and restrictions of the SGSB RPS-B as set out under Appendix IX of this Circular to the satisfaction of the parties to the SGSB Subscription Agreement; (c) the lodgement of relevant forms with the Registrar of Companies in relation to the increase of the authorised share capital and amendment of the memorandum and articles of association of SGSB, where required; (d) the approval the Shareholders at an EGM to be convened for the Proposed SGSB Subscription and the Proposed Reinvestment in accordance with the terms and conditions of the SGSB Subscription Agreement; (e) the approval or consent of the financiers/creditors of the SGSB Group for, inter alia, the issuance and allotment of the SGSB Subscription Shares and the SGSB Subscription RPS-B in favour of Sunsuria, upon the terms and subject to the conditions of the SGSB Subscription Agreement, where required; (f) the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving the SGSB Group, where required, in each case to the extent that at the completion of the SGSB Subscription Agreement the same remain to be completed or performed or remain in force; (g) the approval or consent of Bursa Securities for the listing of and quotation for the Reinvestment Shares, where required; (h) Sunsuria being satisfied with the results of the SGSB Due Diligence; and (i) all other approvals, waivers or consents of any authorities or parties as may be necessary or required by law or regulation or deemed necessary by the parties to the SGSB Subscription Agreement. <p>As at the LPD, the aforesaid conditions precedent in respect of the Proposed SGSB Subscription have not been obtained/fulfilled by the parties.</p>	<p>These are common and reasonable terms to ensure the parties procure the requisite approvals in accordance with the relevant laws and regulatory requirements.</p> <p>Furthermore, the period of six (6) months to satisfy all the conditions precedent is reasonable as it allows reasonably sufficient time to obtain the necessary approvals.</p>

Salient terms	KAF Investment's comments
<p>Termination in the event any conditions precedent is not fulfilled</p> <p>If:</p> <ul style="list-style-type: none"> (a) on the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; (b) on the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement have not been obtained or fulfilled or waived; (c) at any time prior to the expiry of the SGSB SA Cut-Off Date, any of the conditions precedent of the SGSB Subscription Agreement shall have been granted subject to terms and conditions which are not acceptable to Sunsuria being terms and conditions which affect Sunsuria, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and Sunsuria is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or (d) at any time prior to the expiry of the SGSB SA Cut-Off Date, Sunsuria has notified SGSB, Datuk Ter and Datin Kwan in writing that it is not satisfied in respect of any part of the results of the SGSB Due Diligence, <p>then Sunsuria shall be entitled to terminate the SGSB Subscription Agreement by giving a notice of termination to that effect to SGSB, Datuk Ter and Datin Kwan, whereupon the parties shall not have any further rights under the SGSB Subscription Agreement except in respect of:</p> <ul style="list-style-type: none"> (1) any obligation under the SGSB Subscription Agreement which is expressed to apply after the termination of the SGSB Subscription Agreement; and (2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SGSB Subscription Agreement to either party of the SGSB Subscription Agreement prior to such termination. 	<p>: These are reasonable terms as it secures Sunsuria's right in the event any of the conditions precedent is not fulfilled.</p> <p>We note that Sunsuria shall be entitled to terminate the SGSB SA by giving a notice of termination to that effect to SGSB, Datuk Ter and Datin Kwan.</p>
<p>Valuation of SGSB</p> <ul style="list-style-type: none"> (a) SGSB, Datuk Ter and Datin Kwan acknowledge and agree that Sunsuria has prior to the date of the SGSB Subscription Agreement engaged: <ul style="list-style-type: none"> (i) WTW for the purposes of valuing <i>inter alia</i> the market value of Suria Serenia Land as at 10 February 2015 and (ii) EY for the purposes of the independent enterprise valuation of SGSB as at 31 December 2014. (b) In the event that the market value of Suria Serenia Land as at 10 February 2015 shall be varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation report prepared by WTW by an amount of more than 5% of the aggregate SGSB Subscription Consideration, either party shall be entitled to give notice to the other party immediately terminating the SGSB Subscription Agreement. 	<p>: This term is reasonable as the valuation of SGSB will be based on valuation done by independent valuers.</p> <p>We note that the consideration will be varied and adjusted accordingly based on comments provided by relevant authorities on the valuation prepared by the independent valuer.</p> <p>We further note that in the event the market value of Suria Serenia Land shall be varied/adjusted amounting to more than 5% of the aggregate SGSB Subscription</p>

Salient terms	KAF Investment's comments
	Consideration, the parties to the respective SGSB Subscription Agreement shall be entitled to terminate the SGSB Subscription Agreement.
<p>Stamp duty and/or registration charges</p> <p>SGSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the SGSB Subscription Agreement and the subscription for and issuance of the SGSB Subscription Shares and SGSB Subscription RPS-B, if applicable.</p>	: This term is reasonable as it sets out that SGSB shall be responsible for and shall pay all issue, stamp duties and registration fees payable on or pursuant to the SGSB Subscription Agreement and the subscription for and issuance of the SGSB Subscription Shares, if applicable.
<p>Issuance of further SGSB RPS-A</p> <p>SGSB may at any time during the period prior and up to the completion date as contemplated under the SGSB Subscription Agreement without the prior written consent of Sunsuria being required, issue to Datuk Ter a further up to 11,054,358 SGSB RPS-A by way of capitalisation of shareholders' advances provided by Datuk Ter to SGSB, so that the total number of SGSB RPS-A in issue as at the completion date of the SGSB Subscription Agreement shall in aggregate be up to 26,000,000 SGSB RPS-A.</p> <p>For the avoidance of doubt, the issuance of further SGSB RPS-A in SGSB in excess of an aggregate 26,000,000 SGSB RPS-A shall require the prior written consent of Sunsuria*.</p> <p>Note:- * For information purposes, any further issuance of SGSB RPS-A will be subject to the maximum aggregate redemption sum of RM168,390,000 as stipulated in Sections 2.7.3.8 and 2.7.3.9 of Part A of the Circular.</p>	: We take note that SGSB may without the prior written consent of Sunsuria to issue further RPS-A to Datuk Ter of up to 11,054,358 SGSB RPS-A by way of capitalisation of shareholders' advances provided by Datuk Ter to SGSB, so that the total number of SGSB RPS-A in issue as the completion date of the SGSB Subscription Agreement shall in aggregate be up to 26,000,000 SGSB RPS-A.
<p>Maximum aggregate redemption sum</p> <p>Notwithstanding any such further issuance of SGSB RPS-A pursuant to Section 2.7.3.7 of Part A of the Circular and notwithstanding any other provision of the SGSB Subscription Agreement, the aggregate maximum redemption sum payable for full and final capital redemption of all SGSB RPS-A issued or to be issued by SGSB shall be fixed and not under any circumstances whatsoever exceed a sum of RM168,390,000.</p>	: This term is reasonable as it sets out the full and final maximum redemption sum of an amount not exceeding RM168,390,000.
<p>Full redemption of RPS-A</p> <p>SGSB shall on the SGSB Payment Date redeem and cancel all RPS-A then in issue which are held by Datuk Ter. For the avoidance of doubt, the full and final capital redemption amount payable to redeem all outstanding RPS-A issued or to be issued by SGSB shall in aggregate amount to a maximum sum of RM168,390,000, as referred to in section 2.7.3.8 above.</p>	: This term is reasonable. On SGSB Payment Date, all outstanding RPS-A issued or to be issued to Datuk Ter to a maximum sum of RM168,390,000 shall be redeemed and cancelled. As stated in Section 2.1 of Part A of the Circular, Datuk Ter is committed to subscribe for RM100.0 million in value of Sunsuria Shares. The

Salient terms	KAF Investment's comments
	redemption of RPS-A is to facilitate the Proposed Reinvestment.
<p>Subscription by Datuk Ter for Reinvestment Shares and set-off arrangement</p> <p>(a) Datuk Ter irrevocably undertakes that immediately upon SGSB notifying Datuk Ter of the RPS-A Redemption, Datuk Ter shall on the SGSB Payment Date subscribe for, and Sunsuria agrees to allot and issue to Datuk Ter or his nominee(s), 102,040,816 Reinvestment Shares at an issue price of RM0.98 per Reinvestment Share, amounting to an aggregate subscription price of RM100,000,000.</p> <p>(b) The parties have agreed that upon Datuk Ter subscribing for the Reinvestment Shares:</p> <p>(i) the Reinvestment Amount shall be wholly set-off against the redemption sum payable by SGSB in respect of the RPS-A Redemption (the aggregate maximum amount of which is RM168,390,000); and</p> <p>(ii) a corresponding sum of RM100,000,000 shall be deemed to have been paid-up towards the SGSB Subscription Consideration in respect of the SGSB RPS-B, as referred to in Section 2.1.3(a) of Part A of this Circular.</p> <p>(c) The parties have agree and covenant that SGSB shall pay the sum of RM68,390,000 in cash to Datuk Ter after the completion of the set-off arrangement referred to in paragraph (b) above, being the remaining capital redemption sum payable by SGSB to Datuk Ter in respect of the RPS-A Redemption.</p>	<p>We view these terms as relatively reasonable as it sets out the arrangement between Datuk Ter and Sunsuria on the Reinvestment Shares and the RPS-A Redemption.</p>
<p>Rights Issue With Warrants</p> <p>In the event that the Rights Issue With Warrants is aborted by Sunsuria or the Rights Issue With Warrants does not complete for any reason whatsoever by the SGSB Payment Date (as may be extended by mutual agreement of the parties from time to time), the parties shall enter into <i>bona fide</i> negotiations with a view to mutually agree on such adjustment to the Reinvestment Shares Issue Price and the number of the Reinvestment Shares to be issued as may be appropriate to take into account the relevant change in circumstances.</p>	<p>This term is reasonable as it gives the flexibility to Sunsuria to adjust the Reinvestment Shares to be issued in the event the Rights Issue With Warrants is aborted or the Rights Issue With Warrants does not complete for any reason whatsoever by the SGSB Payment Date (which may be extended by mutual agreement of the parties from time to time).</p>
<p>Listing of and quotation for the Reinvestment Shares</p> <p>Following the allotment and issuance of the Reinvestment Shares, Sunsuria shall take all steps as may be necessary to procure that the Reinvestment Shares are listed and quoted on Bursa Securities within 21 business days after the date of the allotment and issuance of the Reinvestment Shares and credited into the Bursa Securities Central Depository System account designated in writing by Datuk Ter or his nominee(s).</p>	<p>This term is common and reasonable as this is the normal process for the Reinvestment Shares to be listed and quoted on Bursa Securities.</p>
<p>Datuk Ter entitled to appoint nominee(s)</p> <p>The parties agree that, at any time prior to the SGSB Payment Date, Datuk Ter will be entitled to appoint nominee(s) to receive</p>	<p>This term is common and reasonable as it gives the Datuk</p>

Salient terms	KAF Investment's comments
<p>and accept the Reinvestment Shares in place of Datuk Ter by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee(s). In the event of such nomination, Sunsuria undertakes to allot and issue the Reinvestment Shares to the said nominee(s) at the sole and absolute costs and expenses of Datuk Ter or his nominee(s) and provided always that Datuk Ter shall fully indemnify Sunsuria for all and any costs and expenses thereby incurred in respect thereof.</p>	<p>Ter the right to appoint a nominee to receive and accept the Reinvestment Shares in place of Datuk Ter by giving to Sunsuria notice in writing of such nomination together with all particulars of the nominee.</p>
<p>Termination of the SGSB Subscription Agreement</p> <p>(a) Each party to the SGSB Subscription Agreement shall be entitled to issue a notice of termination to the other party, if, at any time prior to the completion of the SGSB Subscription Agreement, the other party commits any continuing or material breach of any of its obligations under the SGSB Subscription Agreement which is incapable of remedy or if capable of remedy, is not remedied within fourteen (14) days of it being given notice so to do, or <i>inter alia</i>, a winding up or insolvency events occurs.</p> <p>(b) If a notice terminating the SGSB Subscription Agreement is duly given by either of the parties to the SGSB Subscription Agreement, and such parties elect not to pursue the remedy of specific performance, then within fourteen (14) business days of the giving of the notice:</p> <ol style="list-style-type: none"> (1) all documents, records and other information delivered by a party to any other party or the other parties collectively pursuant to or connected with the SGSB Subscription Agreement shall be returned to the relevant party or parties; (2) any and all moneys (if any) received by SGSB forming the whole or any part of the SGSB Subscription Consideration pursuant to the terms of the SGSB Subscription Agreement, free from any interest accrued thereon (if any), shall be returned, refunded and repaid to Sunsuria; (3) neither party to the SGSB Subscription Agreement shall have any further rights or obligations under the SGSB Subscription Agreement to the other party except in respect of: <ol style="list-style-type: none"> (i) any rights or obligations under the SGSB Subscription Agreement which are expressed to apply after the termination of the SGSB Subscription Agreement; and (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SGSB Subscription Agreement to either party prior to such termination. 	<p>: These are common and reasonable terms which serve to safeguard the interests of the parties to the contract in the event of default by either party.</p>

KAF Investment's comments:-

Based on our evaluation of the salient terms of the Interested Proposal Agreements, we are of the view that the salient terms and conditions of the Interested Proposal Agreements are considered reasonable.

5.5 Prospects and Outlook

5.5.1 Malaysia Economic Outlook

The Malaysian economy recorded a stronger growth of 6.0% in 2014 (2013: 4.7%). Growth was driven by the continued strength in private domestic demand, and further lifted by the improvement in external trade performance. In particular, net exports turned around to contribute positively to growth in 2014 after seven consecutive years of negative contribution, as Malaysia's exports benefited from the recovery in the advanced economies and continued demand from the region. This was reflected in a broad-based improvement in demand across markets and products, including the electrical and electronics ("E&E") products.

Domestic demand remained as the main anchor for growth, albeit at a more moderate pace of expansion, led by private sector activity. Private consumption was supported by favourable income growth and stable labour market conditions. Private investment continued to grow at a double-digit rate, driven by the manufacturing and services sectors. These sectors benefited from the improvement in the external environment as well as the sustained domestic consumption.

The global economy is expected to continue expanding at a moderate pace in 2015, with increasing divergence in the growth momentum among the major economies. Global growth will be supported by gradual but uneven improvements in the advanced economies and sustained growth in most emerging economies. In addition, the low global crude oil prices are expected to provide additional lift to global growth. Lower inflation and higher disposable incomes will support higher consumer spending, while lower production costs could encourage further business investment in non-energy-related sectors, particularly in industries with already high capacity utilisation rates. Nevertheless, there remain downside risks to the global growth outlook. The prolonged weakness in domestic demand and persistence of disinflation or even deflation in several major advanced economies, together with adverse geopolitical developments, could have spillovers on global trade activity. Uncertainty over commodity price movements could also affect the growth prospects of the commodity-producing emerging economies.

Overall, the Malaysian economy is projected to register a steady growth of 4.5% – 5.5% in 2015 (2014: 6.0%), supported mainly by a sustained expansion in domestic demand amid strong domestic fundamentals and a resilient export sector. Domestic demand will continue to anchor growth in 2015, driven by private sector spending. Private consumption is forecasted to record a more moderate growth during the year, after registering five consecutive years of above-average growth rates since the financial crisis in the advanced economies. While household spending is expected to be affected by the implementation of the Goods and Services Tax in April and lower earnings in the commodity-related sectors, its impact will, however, be partially offset by Government measures to assist targeted groups, the additional disposable incomes from lower fuel prices and the favourable labour market conditions. Similarly, after three consecutive years of double-digit growth, private investment is expected to moderate due mainly to lower investment in the mining sector following weak global crude oil prices. Nevertheless, private investment growth will be supported by on-going and new investments in the manufacturing and services sectors as firms benefit from the continued global recovery and lower cost of inputs. Public sector spending, in particular public investment, is expected to improve amidst higher spending on fixed assets, particularly by the public enterprises. In 2015, the contribution to growth from the Government is expected to remain modest.

(Source: Annual Report 2014, Bank Negara Malaysia)

KAF Investment's comments:-

Premised on the above, we are of the view that the prospects of the Malaysian economy are expected to remain favourable as supported mainly by a sustained expansion in domestic demand driven by private sector spending amid strong domestic fundamentals and a resilient export sector.

5.5.2 Overview and outlook of the Malaysian property investment and development market

The performance of overall property market made a marginal rebound from 10.9% contraction recorded in 2013. A total of 384,060 transactions worth RM162.97 billion were recorded, indicating a marginal increase of 0.8% in volume and 7.0% in value.

The residential sub-sector led the overall property market, with 64.4% contribution. This was followed by agricultural sub-sector (18.8%), commercial (9.3%), development land (5.5%) and industrial (2.1%). In terms of value, residential took the lead with 50.4% share, followed by commercial (19.5%), development land (13.3%), industrial (8.9%) and agricultural (7.8%).

Volume of transactions across the sub-sectors showed insignificant movements. Residential, commercial and agricultural sub-sectors recorded growths of 0.4%, 3.6% and 2.0% respectively while industrial and development land sub-sectors each recorded a slight downturn of 3.8% and 1.9% respectively against 2013. Value of transactions moved independently with residential, industrial and development land sub-sectors recorded double-digit growth of 13.9%, 17.7% and 13.5% respectively whereas commercial and agricultural sub-sectors recorded downfall of 10.5% and 4.3% respectively.

(Source: Press Release dated 14 April 2015 of Malaysian Property Market 2014 by the Valuation and Property Services Department, Ministry of Finance Malaysia)

KAF Investment's comments:-

Based on the above, we take note that there are uncertainties in the outlook of the property market in Malaysia as the Malaysian Government and Bank Negara Malaysia have introduced measures such as increasing the RPGT and tightening bank lending regulations to curb speculative activities in the property market. Such measures imposed or to be imposed by the Malaysian Government or Bank Negara Malaysia may reduce speculative property purchases, which could in turn adversely impact the demand in the property market. Hence, we expect demand for properties driven by genuine first time home buyers will continue to be sustained. There can be no assurance that the hike in the RPGT will not adversely impact and affect the take-up rate of the Proposed Development in the future and the Sunsuria Group will leverage on its strength and experience as a property developer to manage the risk closely.

5.6 Risk Factors associated with the Interested Proposals

We note that the Sunsuria Group involved in property development industry and the Interested Proposals represents an expansion on the Group's existing property development business and does not necessarily alter the inherent risk profile of the property development sector that the Group is already exposed to. Nonetheless, in considering the Interested Proposals, the Non-Interested Shareholders are advised to give due and careful regard to the various risk factors as mentioned in Section 4 of Part A of the Circular before voting on the Interested Proposals at the forthcoming EGM.

We note that although measures may be taken by the Board to attempt to limit such risks, no assurance can be given that one or a combination of such risk factors will not crystallise, and give rise to material and adverse impact on the financial performance/position or prospects of the Sunsuria Group.

Furthermore, the Malaysian Government had on 25 October 2013 announced, among others, the following in the Malaysia Budget 2014:-

- (i) Upward revision of the RPGT, whereby for properties disposed of within three (3) years of purchase, the RPGT rate has been revised to 30% effective from 1 January 2014 onwards for individual citizens, Malaysian permanent residents and companies. For properties held and disposed of in the fourth (4th) and fifth (5th) year of purchase, the new RPGT regime imposes a 20% and 15% tax on gains respectively. For properties sold after five (5) years are not subjected to the RPGT for individual citizens and Malaysian permanent residents whereas for properties held by companies, a 5% tax on gains will be imposed for disposal made in the sixth (6th) year and thereafter. Meanwhile, for non-citizens, a flat rate RPGT of 30% is imposed on gains deriving from the disposal of properties within five (5) years. For disposal made in the sixth (6th) year and thereafter, the RPGT rate for non-citizens is 5%;
- (ii) Prohibition on property developers from implementing projects that have features of Developer Interest Bearing Scheme (“DIBS”) to prevent developers from incorporating the interest rates on loans in house price during the construction period. Financial institutions are also prohibited from providing the final funding for projects involved in the DIBS; and
- (iii) The minimum price of property that can be purchased by foreigners will be increased from RM500,000 to RM1,000,000.

The aforesaid measures implemented by the Malaysian Government may directly impact the overall demand for new property launches, which could in turn result in oversupply of properties.

KAF Investment’s comments:-

We note that the Group has been involved in the property development industry and the Interested Proposals represent an expansion of the Group’s existing property development business and does not necessarily alter the inherent risk profile relating to property development sector that the Group is already exposed to. Nonetheless, in evaluating the Interested Proposals, Non-Interested Shareholders should carefully consider the potential risk factors disclosed under Section 4 of Part A of the Circular before voting on the Interested Proposals at the forthcoming EGM and the additional risk that is listed below.

Public shareholding spread

We take note that in the event the Rights Issue With Warrants falls under minimum scenario, the Company may not meet the Public Spread Requirement as tabulated in the table below. The public shareholding spread will decrease to approximately 18%. Nevertheless, we note that the Company is in the midst of finalising the underwriting arrangements for the Rights Shares not covered by the Undertakings wherein arising therefrom, the Company’s public spread will increase to approximately 26%. The Company will endeavour to rectify the shortfall in the Public Spread Requirement and will take necessary step to address the shortfall.

	As at LPD	After the Proposed Reinvestment	After the Proposed Reinvestment and Rights Issue With Warrants
Public shareholding spread	37.21%	26.28%	17.65%^

(Source: The management of the Company)

Note:-

^ After the completion of the Proposed Reinvestment and the Rights Issue With Warrants under the Minimum Scenario.

Interest rate risk

We take note that the Balance Cash Consideration for the Interested Proposals will be funded via a combination of internally-generated funds, funds from the Fund Raising Exercise as well as bank borrowings, the quantum of which has not been determined. In the event that the Fund Raising Exercise is not implemented successfully and the Balance Cash Consideration for the

Interested Proposals is funded by bank borrowings, the Group may be exposed to fluctuations in interest rate movements as well as the risk in generating sufficient funds to meet its financial repayment commitments on time. Significant increase in interest rates may adversely affect the financial performance of the Group.

Fluctuations in interest rates may also affect the demand for properties as higher interest rates may lead to an increase in the price of the properties for prospective buyers. This may adversely affect the demand and ultimately, the success of the proposed development undertaken through the Interested Proposals.

The management of Sunsuria takes cognisance of this and will take into consideration the gearing level, interest cost as well as internal cash requirement of Sunsuria's business in determining the optimal combination of internally generated funds and bank borrowings to finance the proposed development undertaken through the Interested Proposals. The Group will continue to monitor closely the movements of the interest rate.

5.7 Financial Effects of the Interested Proposals

We note the followings from Section 6 of Part A of the Circular that:-

- (i) The Proposed SMSB Acquisitions and the Proposed RNSB Subscription will not have any effect on the issued and paid-up share capital of Sunsuria as well as Sunsuria's substantial shareholders' shareholdings, as the consideration for the Proposed SMSB Acquisitions and the Proposed RNSB Subscription shall be satisfied entirely by cash and does not involve any issuance of new shares in the Company.

The issued and paid-up share capital of Sunsuria post Rights Issue with Warrants, will be increased to between approximately RM329 million and RM368 million pursuant to Proposed SGSB Transactions, of which the exact quantum will be based on the Rights Issue With Warrants.

- (ii) The NA of Sunsuria will increase arising from issuance of shares pursuant to the Proposed SGSB Transaction. The NA will increase from RM88 million to approximately RM944 million, of which the exact quantum will be based on the Proposed Rights Issue With Warrants.
- (iii) As the Interested Proposals are expected to be completed in the third quarter of 2015, the Interested Proposals are not expected to have any material effect on the earnings and EPS of Sunsuria for the FYE 31 March 2015.

There will be a corresponding dilution in Sunsuria's consolidated EPS as a result of the increase in the issued and paid-up share capital of Sunsuria arising from the issuance of the Reinvestment Shares pursuant to the Proposed SGSB Transactions.

- (iv) The Interested Proposals will be funded via a combination of issuance of new Sunsuria Shares, internally-generated funds, funds arising from the utilisation of proceeds pursuant to the Proposed Rights Issue With Warrants and the Proposed Private Placements, well as bank borrowings, the quantum of which has not been determined as at the date of this juncture.

The effects on gearing will be dependent on the funding mix and timing of utilisation of bank borrowings to finance the Interested Proposals.

KAF Investment's comments-

Premised on the above, we are of the view that the financial effects of the Interested Proposals are not detrimental to the interest of the Non-Interested Shareholders.

5.8 Inter-conditionality of the Proposals

We note from Section 7 of Part A of the Circular that:-

"The Proposals are not conditional upon the implementation of the Rights Issue With Warrants and the Private Placement. However, for information purposes, the Proposed SDSDSB Acquisition is conditional upon the announcement of the books closure date and the execution of the underwriting agreement in respect of the Rights Issue With Warrants.

The Proposed SMSB Acquisition 1 is inter-conditional with the Proposed SMSB Acquisition 2 and the Proposed SGSB Subscription is inter-conditional with the Proposed Reinvestment. The Proposed SGSB Transactions and the Proposed SDSDSB Acquisition are not inter-conditional with each other. The Proposed SDSDSB Transactions, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription are not inter-conditional with each other."

KAF Investment's comments-

Premised on the above, we take note that the Proposals are not conditional upon the Rights Issue With Warrants. The Proposed SMSB Acquisition 1 is inter-conditional with the Proposed SMSB Acquisition 2 and the Proposed SGSB Subscription is inter-conditional with the Proposed Reinvestment. We note that the Proposed SDSDSB Transactions, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription are not inter-conditional with each other. We are of the opinion that the conditionality of the Proposals are reasonable and not detrimental to the Non-Interested Shareholders as the projects in relation to the respective Interested Proposals are located in different location, i.e. Salak Tinggi, Medini and Setia Alam, and they are not dependent of each other. Since the Proposed SDSDSB Transactions, the Proposed SMSB Acquisitions and the Proposed RNSB Subscription are not inter-conditional with each other, Non-Interested Shareholders can vote for the respective resolutions for the Interested Proposals independently.

6. FURTHER INFORMATION

Non-Interested Shareholders are advised to refer to Part A of the Circular and the appendices thereof for further information.

7. KAF INVESTMENT'S OPINION

Before arriving at the decision to vote on the relevant resolutions pertaining to the Interested Proposals, it is imperative that the Non-Interested Shareholders consider carefully all relevant issues and implications raised in this IAL and those set out by the Board in its letter to the shareholders in Part A of the Circular, as well as the information contained in the various appendices in the Circular.

In our evaluation of the Interested Proposals, and in arriving at our opinion, we have taken into consideration various factors which are summarised as follows:-

- (i) the rationale for the Interested Proposals, which, in our opinion, is considered reasonable;
- (ii) the basis and justification of arriving at the SGSB Subscription Consideration, the SMSB Consideration and the RNSB Subscription Consideration are considered reasonable;
- (iii) the mode of settlement of the SGSB Subscription Consideration, the SMSB Consideration and the RNSB Subscription Consideration are considered reasonable;
- (iv) the salient terms of the Interested Proposal Agreements which in our opinion, are considered reasonable;
- (v) the prospects and outlook of the Malaysian Economy and property market in Malaysia;

- (vi) the risk factors associated with the Interested Proposals; and
- (vii) the financial effects of the Interested Proposals on the Sunsuria Group, which, in our opinion, are not detrimental to the interest of the Non-Interested Shareholders.

Based on our scope of work and evaluation as set out above in this IAL, we are of the opinion that, taken as a whole, the terms of the Interested Proposals are **fair and reasonable**, and are not detrimental to the interest of the Non-Interested Shareholders.

Accordingly, we recommend that the Non-Interested Shareholders **vote in favour** of the ordinary resolutions pertaining to the Interested Proposals to be tabled at the forthcoming EGM.

Yours faithfully,
For and on behalf of
KAF INVESTMENT BANK BERHAD

ROHAIZAD ISMAIL
Deputy Chief Executive Officer
Investment Banking

AHMAD FAZLEE AZIZ
Director
Corporate Finance

INFORMATION ON SGSB**1. HISTORY AND BUSINESS**

SGSB was incorporated as a private limited company on 23 April 2013 in Malaysia under the Act. SGSB is principally engaged in investment holding.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of SGSB is as follows:

	No. of securities	Par value (RM)	RM
<u>SGSB Shares</u>			
Authorised share capital			
- Ordinary shares	140,000	1.00	140,000
- Preference shares	26,000,000	0.01	260,000
Issued and paid-up share capital			
- Ordinary shares	2	1.00	2
- SGSB RPS-A	16,839,000	0.01	168,390

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of SGSB and their direct and indirect shareholdings in SGSB based on the Register of Members of SGSB as at the LPD are as follows:

Shareholders	Nationality	Direct		Indirect	
		No. of securities	%	No. of securities	%
<u>SGSB Shares</u>					
Datuk Ter	Malaysian	1	50.0	-	-
Datin Kwan	Malaysian	1	50.0	-	-

INFORMATION ON SGSB (Cont'd)

For information purposes, the SGSB RPS-A was issued at an issue price of RM1.00 per SGSB RPS-A. The tenure, redemption rate and redemption period of the SGSB RPS-A are as follows:

- Tenure : Perpetuity commencing from and inclusive of the issuance date, unless otherwise redeemed.
- Redemption price : The SGSB RPS-A shall be redeemed at a redemption price equivalent to up to RM10.00 per SGSB RPS-A.
- Capital redemption : The SGSB RPS-A may be redeemed upon meeting any applicable debt service ratio imposed by the financiers of SGSB at the discretion of the board of directors of SGSB in accordance with the following provisions:
- (a) SGSB may at any time give prior notice in writing ("**redemption notice**") to the holders of the SGSB RPS-A of its intention to redeem all or any part of the SGSB RPS-A which are fully paid up on the date specified in the redemption notice, as a form of return of capital;
 - (b) if SGSB decides to redeem a part only of the SGSB RPS-A, those to be redeemed shall be a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such SGSB RPS-A on the redemption date;
 - (c) on the redemption date, SGSB shall redeem the SGSB RPS-A specified in the redemption notice at the Redemption Price and pay the dividend which has accrued on them (whether declared or earned or not) down to the redemption date against delivery to SGSB of the certificates for the SGSB RPS-A to be redeemed and shall issue free of charge fresh certificates for any unredeemed SGSB RPS-A;
 - (d) the SGSB RPS-A to be redeemed shall cease to rank for dividend on the redemption date unless on the certificates for the preference shares being tendered, SGSB fails to effect such redemption;
 - (e) no SGSB RPS-A shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption but the premium payable on redemption shall be paid either out of distributable profits or, to the extent permitted by law, out of the share premium account of SGSB; and
 - (f) SGSB shall comply with all the provisions of the Companies Act relating to the redemption of the SGSB RPS-A and the creation or increase of a capital redemption reserve.

INFORMATION ON SGSB (Cont'd)

4. DIRECTORS

The directors of SGSB and their direct and indirect shareholdings in SGSB based on the Register of Directors of SGSB as at LPD are as follows:

Directors	Nationality	Designation	Direct		Indirect	
			No. of securities	%	No. of securities	%
<u>SGSB Shares</u>						
Datuk Ter	Malaysian	Director	1	50.0	-	-
Datin Kwan	Malaysian	Director	1	50.0	-	-
<u>SGSB RPS-A</u>						
Datuk Ter	Malaysian	Director	16,839,000	100.0	-	-

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, SGSB does not have any subsidiary and associated company. The details of the jointly controlled entity of SGSB are as follows:

Company	Country and date of incorporation	Authorised share capital (RM)	Issued and paid-up share capital (RM)	Principal activity	Equity interest held by SGSB as at the LPD
<u>Jointly controlled entity</u>					
SDSDSB	6 June 2013, Malaysia	400,000	2	Property development	50%

INFORMATION ON SGSB (Cont'd)**6. FINANCIAL SUMMARY**

The summary of key financial information of SGSB based on the Accountant's Report as enclosed in **Appendix V** of this Circular for the financial period from the date of incorporation 23 April 2013 to 31 December 2013 and **FYE 31 December 2014** are set out below:

	Financial period from the date of incorporation 23 April 2013 to 31 December 2013	FYE 31 December 2014
	RM'000	RM'000
Revenue	-	-
Other income	5	*
PBT/(LBT)	2	(12)
PAT/(LAT)	2	(12)
Share capital	^	^
Shareholders' funds/NA/(NL)	2	(10)
Total borrowings	-	-
NA per share (RM)	1,000	(5,000)
Gross EPS/ (LPS) (RM)	1,000	(6,000)
Net EPS/(LPS) (RM)	1,000	(6,000)
Current ratio	1.00	1.00
Gearing (times)	-	-

Notes:

* Less than RM500

^ RM2

For the past two (2) financial years of SGSB under review:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by SGSB which are peculiar to SGSB because of the nature of its business or the industry in which it is involved in; and
- (iii) there were no audit qualifications of the financial statements of SGSB.

Commentary of past financial performance**FYE 31 December 2014**

SGSB has not commenced the property development activities for the **FYE 31 December 2014**. In addition, the Suria Serenia Land was still at its planning stage. As such, no revenue was generated and a loss of RM12,447 was incurred.

FPE 31 December 2013

SGSB is newly incorporated and has recognised a net operating income of RM1,707.

INFORMATION ON SGSB (Cont'd)

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save for the following, there are no material commitments or contingent liabilities incurred or known to be incurred by SGSB which, upon becoming enforceable, may have a material impact on the financial results/position of SGSB:

Capital commitments	RM
Capital expenditure approved and contracted for acquisition of land	123,338,185 ⁽¹⁾

Note:

(1) Being SGSB's 50% share of SDSDSB's capital commitment of RM246,676,370.

8. MATERIAL LITIGATION

As at the LPD, SGSB is not engaged, whether as plaintiff or defendant, in any litigation, arbitration proceedings or prosecution, and there are no litigation, proceeding or prosecution pending or threatened either by or against SGSB.

9. MATERIAL CONTRACTS

As at the LPD, save for the SGSB Subscription Agreement and the Supplemental SGSB Subscription Agreement (details of which are set out in **Section 2.7.3** of this Circular), SGSB has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years immediately preceding the date of this Circular.

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INFORMATION ON SDSDSB

1. HISTORY AND BUSINESS

SDSDSB was incorporated as a private limited company on 6 June 2013 in Malaysia under the Act. SDSDSB is principally engaged in property development which will undertake the mixed development of Suria Serenia.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of SDSDSB is as follows:

	No. of securities	Par value (RM)	RM
<u>SDSDSB Shares</u>			
Authorised share capital	400,000	1.00	400,000
Issued and paid-up share capital	2	1.00	2

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of SDSDSB and their direct and indirect shareholdings in SDSDSB based on the Register of Members of SDSDSB as at the LPD are as follows:

Shareholders	Nationality/ Place of incorporation	Direct		Indirect	
		No. of SDSDSB Shares held	%	No. of SDSDSB Shares held	%
SGSB	Malaysia	1	50.0	-	-
Sime Darby Property	Malaysia	1	50.0	-	-
Datuk Ter	Malaysian	-	-	1 ⁽¹⁾	50.0
Datin Kwan	Malaysian	-	-	1 ⁽¹⁾	50.0
Sime Darby Property Berhad	Malaysia	-	-	1 ⁽²⁾	50.0
Sime Darby Berhad	Malaysia	-	-	1 ⁽³⁾	50.0

Notes:

- (1) Deemed interested by virtue of his/her interest in SGSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its interest in Sime Darby Property pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its interest in Sime Darby Property through Sime Darby Property Berhad pursuant to Section 6A of the Act.

INFORMATION ON SDSDSB (Cont'd)

4. DIRECTORS

The directors of SDSDSB and their direct and indirect shareholdings in SDSDSB based on the Register of Directors of SDSDSB as at LPD are as follows:

Directors	Nationality	Designation	Direct		Indirect	
			No. of SDSDSBB Shares held	%	No. of SDSDSB Shares held	%
Dato' Seri Abd Wahab bin Maskan	Malaysian	Director	-	-	-	-
Datuk Ter	Malaysian	Director	-	-	1 ⁽¹⁾	50.0
Ho Hon Sang	Malaysian	Director	-	-	-	-
KWS	Malaysian	Director	-	-	-	-
Ho Ee Lay	Malaysian	Director	-	-	-	-
Mohd. Salem bin Kailany	Malaysian	Director	-	-	-	-

Note:

(1) Deemed interested by virtue of his interest in SGSB pursuant to Section 6A of the Act.

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, SDSDSB does not have any subsidiary and associated company.

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INFORMATION ON SDSDSB (Cont'd)**6. FINANCIAL SUMMARY**

The summary of key financial information of SDSDSB based on the Accountant's Report as enclosed in **Appendix V** of this Circular for the financial period from the date of incorporation 6 June 2013 to 30 June 2014 is set out below:

	Financial period from the date of incorporation 6 June 2013 to 30 June 2014
	RM'000
Revenue	-
Other income	-
LBT	(315)
LAT	(315)
Share capital	^
Shareholders' funds/NL	(315)
Total borrowings	-
NL per share (RM)	(157,500)
Gross LPS (RM)	(157,500)
Net LPS (RM)	(157,500)
Current ratio	0.99
Gearing (times)	-

Note:

^ RM2

For the past financial period of SDSDSB:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by SDSDSB which are peculiar to SDSDSB because of the nature of its business or the industry in which it is involved in; and
- (iii) there were no audit qualifications of the financial statements of SDSDSB.

Commentary of past financial performance**FPE 30 June 2014**

SDSDSB has not commenced the property development activities for the financial year under review. As such, no revenue was generated and a loss of RM314,880 was incurred.

INFORMATION ON SDSDSB (Cont'd)

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save for the following, there are no material commitments or contingent liabilities incurred or known to be incurred by SDSDSB which, upon becoming enforceable, may have a material impact on the financial results/position of SDSDSB:

Capital commitments	RM
Capital expenditure approved and contracted for acquisition of land	246,676,370

8. MATERIAL LITIGATION

As at the LPD, SDSDSB is not engaged, whether as plaintiff or defendant, in any litigation, arbitration proceedings or prosecution, and there are no litigation, proceeding or prosecution pending or threatened either by or against SDSDSB.

9. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, SDSDSB has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years immediately preceding the date of this Circular.

- (a) Sale and purchase agreement dated 4 September 2014 entered into between Sime Darby Serenia Development Sdn Bhd (as vendor) and SDSDSB (as purchaser) for the sale and purchase of three (3) parcels of land forming part of land under Geran 49973, Lot 6919, Mukim of Kajang, District of Ulu Langat, State of Selangor, measuring approximately 40 acres in aggregate as delineated in green in the layout plan attached therein for an aggregate sale and purchase consideration of RM46,000,000.00, subject to adjustment/recomputation pursuant to the terms contained therein. As at the LPD, the transaction is pending completion in accordance with the terms of the said sale and purchase agreement.
- (b) Sale and purchase agreement dated 20 June 2014 entered into between Sime Darby Serenia Development Sdn Bhd (as vendor) and SDSDSB (as purchaser) for the sale and purchase of a portion of land under Geran 273723, Lot 31484, Mukim of Dengkil, District of Sepang, State of Selangor, measuring approximately 6.58 acres in aggregate as delineated in red in the layout plan attached therein for an aggregate sale and purchase consideration of RM6,590,000.00, subject to adjustment/recomputation pursuant to the terms contained therein. As at the LPD, the transaction is pending completion in accordance with the terms of the said sale and purchase agreement.
- (c) Sale and purchase agreement dated 6 August 2013 entered into between Sime Darby Serenia Development Sdn Bhd (as vendor) and SDSDSB (as purchaser) for the sale and purchase of five (5) parcels of land forming part of land under Geran 49973, Lot 6919 & 4960 and Geran 48715, Lot 4640, Mukim of Kajang, District of Ulu Langat, State of Selangor and Geran 271018, Lot 7718, Geran 122099, Lot 20996, Geran 273723, Lot 31484, and Geran 27613, Lot 4639 & 4705, Mukim of Dengkil, District of Sepang, State of Selangor, measuring approximately 300 acres as delineated in green in the layout plan attached therein for an aggregate sale and purchase consideration of RM235,224,000.00, subject to adjustment/recomputation pursuant to the terms contained therein. As at the LPD, the transaction is pending completion in accordance with the terms of the said sale and purchase agreement.

INFORMATION ON SMSB

1. HISTORY AND BUSINESS

SMSB was incorporated as a private limited company on 3 August 2009 in Malaysia under the Act. SMSB is principally engaged in property development and property investment.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of SMSB is as follows:

	No. of securities	Par value (RM)	RM
SMSB Shares			
Authorised share capital	5,000,000	1.00	5,000,000
Issued and paid-up share capital	1,250,000	1.00	1,250,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of SMSB and their direct and indirect shareholdings in SMSB based on the Register of Members of SMSB as at the LPD are as follows:

Shareholders	Nationality/ Place of Incorporation	Direct		Indirect	
		No. of SMSB Shares held	%	No. of SMSB Shares held	%
Concord	Malaysia	250,000	20.0	-	-
TCSB	Malaysia	12,500	1.0	-	-
SSSB	Malaysia	750,000	60.0	-	-
Creed	Singapore	237,500	19.0	750,000 ⁽¹⁾	60.0
SDSB	Malaysia	-	-	750,000 ⁽¹⁾	60.0
SHSB	Malaysia	-	-	750,000 ⁽²⁾	60.0
THK	Malaysian	-	-	262,500 ⁽³⁾	21.0
Datuk Ter	Malaysian	-	-	1,012,500 ⁽⁴⁾	81.0
Ter Leong Boon	Malaysian	-	-	12,500 ⁽⁵⁾	1.0
Datuk Ter Leong Hing	Malaysian	-	-	12,500 ⁽⁵⁾	1.0
Toshiko Muneyoshi	Japanese	-	-	987,500 ⁽⁶⁾	79.0

Notes:

(1) Deemed interested by virtue of its interest in SSSB pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of its interest in SSSB (through SDSB) pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of his interest in Concord and TCSB pursuant to Section 6A of the Act.

INFORMATION ON SMSB (Cont'd)

- (4) *Deemed interested by virtue of his interest in Concord, TCSB and SSSB (through SDSB, which in turn is a 100% subsidiary of SHSB) pursuant to Section 6A of the Act.*
- (5) *Deemed interested by virtue of his interest in TCSB pursuant to Section 6A of the Act.*
- (6) *Deemed interested by virtue of his interest in Creed pursuant to Section 6A of the Act.*

4. DIRECTORS

The directors of SMSB and their direct and indirect shareholdings in SMSB based on the Register of Directors of SMSB as at LPD are as follows:

Directors	Nationality	Designation	Direct		Indirect	
			No. of SMSB Shares held	%	No. of SMSB Shares held	%
Datuk Ter	Malaysian	Director	-	-	1,012,500 ⁽¹⁾	81.0
Datin Kwan	Malaysian	Director	-	-	-	-
WYT	Malaysian	Director	-	-	-	-
KWS	Malaysian	Director	-	-	-	-
Toshiko Muneyoshi	Japanese	Director	-	-	987,500 ⁽²⁾	79.0
Akihiro Matsumoto	Japanese	Director	-	-	-	-

Notes:

- (1) *Deemed interested by virtue of his interest in Concord, TCSB and SSSB (through SDSB, which in turn is a 100% subsidiary of SHSB) pursuant to Section 6A of the Act.*
- (2) *Deemed interested by virtue of his interest in Creed pursuant to Section 6A of the Act.*

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, SMSB does not have any subsidiary and associated company.

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INFORMATION ON SMSB (Cont'd)

6. FINANCIAL SUMMARY

The summary of key financial information of SMSB based on the Accountant's Report as enclosed in **Appendix V** of this Circular for the FPE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are set out below:

	FPE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014
	RM'000	RM'000	RM'000
Revenue	-	-	3,853
Other income	*	65	125
LBT	(3)	(289)	(7,413)
LAT	(3)	(289)	(7,437)
Share capital	@	250	1,250
Shareholders' funds/NL	(9)	(48)	(6,485)
Total borrowings	-	-	150,255
NL per share ⁽¹⁾ (RM)	(90)	(1)	(12)
Gross LPS ⁽¹⁾ (RM)	(30)	(4)	(14)
Net LPS ⁽¹⁾ (RM)	(30)	(4)	(14)
Current ratio	0.99	0.96	1.41
Gearing (times)	-	-	(23.17)

Notes:

(1) Calculated using weighted average number of ordinary shares

* Less than RM500

@ RM100

For the past three (3) FYEs of SMSB under review:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by SMSB which are peculiar to SMSB because of the nature of its business or the industry in which it is involved in; and
- (iii) save as disclosed, there were no audit qualifications of the financial statements of SMSB. For the FYE 31 December 2014, there was an emphasis of matter on the continuation of SMSB as a going concern.

Commentary of past financial performance**FYE 31 December 2014**

The revenue of RM3,853,357 recorded in FYE 31 December 2014 was generated from property development activities in the Sunsuria Medini project. The increase in LAT by approximately 2476% or RM7,148,391 from RM288,762 in FYE 31 December 2013 to RM7,437,153 in FYE 31 December 2014 was mainly due to lower profits contribution from undertaking new projects with higher operating expenses which include sales and marketing expenses of RM4,634,106 and foreign exchange loss of RM1,487,302 for FYE 31 December 2014. During the FYE 31 December 2014, a loan was taken for the purpose of partial land payments for the Sunsuria Medini land.

INFORMATION ON SMSB (Cont'd)**FYE 31 December 2013**

The LAT for the FYE 31 December 2012 and FYE 31 December 2013 was mainly due to operating and administrative expenses incurred.

FPE 31 December 2012

SMSB has not commenced and/or undertaken any development business for the FYE 31 December 2012. As such, no revenue was generated and an operating loss of RM2,721 was incurred.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save for the following, there are no material commitments or contingent liabilities incurred or known to be incurred by SMSB which, upon becoming enforceable, may have a material impact on the financial results/position of SMSB:

Capital commitments	RM
Capital expenditure approved and contracted for acquisition of leasehold land	237,531,935

8. MATERIAL LITIGATION

As at the LPD, SMSB is not engaged, whether as plaintiff or defendant, in any litigation, arbitration proceedings or prosecution, and there are no litigation, proceeding or prosecution pending or threatened either by or against SMSB.

9. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, SMSB has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years immediately preceding the date of this Circular.

- (a) Shareholders' Agreement in relation to SMSB dated 21 November 2014 (as amended via a supplemental letter dated 15 January 2015) entered into between Creed, SSSB, Concord, TCSB, SMSB and Datuk Ter for the purposes of setting out the terms governing the relationship as shareholders of SMSB.
- (b) Share Purchase and Subscription Agreement dated 21 November 2014 entered into between Creed, SDSB, SSSB, SMSB, Concord and Datuk Ter for the sale and purchase and subscription of shares in SMSB for an aggregate consideration of RM160,876,571.04. As at the LPD, the transaction is pending completion in accordance with the terms of the Share Purchase and Subscription Agreement.
- (c) Lease purchase agreement dated 30 June 2013 (as amended and supplemented by a supplemental agreement dated 11 March 2014 and a second supplemental agreement dated 27 June 2014) entered into between Metrogold Assets Sdn. Bhd. (as vendor) and SMSB (as purchaser) for the sale and purchase of lease(s) of 99 years over Plots C7 – C24 of Zone C held under H.S.(D) 505993, PT No. PTD 183273, Mukim of Pulau, District of Johor Bahru and State of Johor for an aggregate sale and purchase consideration of RM396,264,895.00. As at the LPD, the transaction is pending completion in accordance with the terms of the said lease purchase agreement.

INFORMATION ON SMSB (Cont'd)

- (d) Extension of lease agreement dated 18 August 2014 entered into between Iskandar Investment Berhad ("IIB") (as registered proprietor) and SMSB (as purchaser) for the extension of lease over a plot of land i.e. Plot C15 of Zone C held under H.S.(D) 535603, PTD 199647, Mukim of Pulau, District of Johor Bahru and State of Johor for a fixed period of 30 years commencing from 28 May 2113 and expiring on 27 May 2143 for a premium of RM2,769,957.78. As at the LPD, the transaction has completed in accordance with the terms of the said extension of lease agreement.
- (e) Extension of lease agreement dated 4 December 2014 entered into between IIB (as registered proprietor) and SMSB (as purchaser) for the extension of lease over a plot of land i.e. Plot C23 of Zone C held under H.S.(D) 535606, PTD 199650, Mukim of Pulau, District of Johor Bahru and State of Johor for fixed period of 30 years commencing from 28 May 2113 and expiring on 27 May 2143 for a premium of RM1,437,480.00. As at the LPD, the transaction is pending completion in accordance with the terms of the said extension of lease agreement.
- (f) Extension of lease agreement dated 4 December 2014 entered into between IIB (as registered proprietor) and SMSB (as purchaser) for the extension of lease over a plot of land i.e. Plot C24 of Zone C held under H.S.(D) 535607, PTD 199651, Mukim of Pulau, District of Johor Bahru and State of Johor for fixed period of 30 years commencing from 28 May 2113 and expiring on 27 May 2143 for a premium of RM2,508,515.13. As at the LPD, the transaction is pending completion in accordance with the terms of the said extension of lease agreement.

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INFORMATION ON CONCORD**1. HISTORY AND BUSINESS**

Concord was incorporated as a private limited company on 31 August 2007 in Malaysia under the Act. Concord is principally an investment holding company.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of Concord is as follows:

	No. of securities	Par value (RM)	RM
Ordinary shares of RM1.00 each in Concord ("Concord Shares")			
Authorised share capital	100,000	1.00	100,000
Issued and paid-up share capital	2	1.00	2

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Concord and their direct and indirect shareholdings in Concord based on the Register of Members of Concord as at the LPD are as follows:

Shareholders	Nationality	Direct		Indirect	
		No. of Concord Shares held	%	No. of Concord Shares held	%
THK	Malaysian	1	50.0	-	-
Datuk Ter	Malaysian	1	50.0	-	-

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INFORMATION ON CONCORD (Cont'd)

4. DIRECTORS

The directors of Concord and their direct and indirect shareholdings in Concord based on the Register of Directors of Concord as at the LPD are as follows:

Directors	Nationality	Designation	Direct		Indirect	
			No. of Concord Shares held	%	No. of Concord Shares held	%
Datuk Ter Leong Hing	Malaysian	Director	-	-	-	-
Yang Kian Joo	Malaysian	Director	-	-	-	-
Datuk Ter	Malaysian	Director	1	50.0	-	-

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, Concord does not have any subsidiaries. Concord currently holds 20% equity interest in SMSB which is an associated company of Concord.

Details on SMSB are set out in **Appendix I(C)** of this Circular.

6. FINANCIAL SUMMARY

The summary of key financial information of Concord based on the Accountant's Report as enclosed in **Appendix V** of this Circular for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are set out below:

	FYE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014
	RM'000	RM'000	RM'000
Revenue	-	-	-
Other income	-	-	13,415
PBT/(LBT)	(1)	(2)	13,387
PAT/(LAT)	(1)	(2)	13,373
Share capital	^	^	^
Shareholders' funds/(NL)/NA	(7)	(9)	13,364
Total borrowings	-	-	-
(NL)/NA per share (RM)	(3,500)	(4,500)	6,682,000
Gross (LPS)/EPS (RM)	(500)	(1,000)	6,693,500
Net (LPS)/EPS (RM)	(500)	(1,000)	6,686,500
Current ratio	-	0.99	9.34
Gearing (times)	-	-	-

Note:

^ RM2

For the past three (3) FYEs of Concord under review:

- (i) there were no exceptional or extraordinary items;

INFORMATION ON CONCORD (Cont'd)

- (ii) there were no accounting policies adopted by Concord which are peculiar to Concord because of the nature of its business or the industry in which it is involved in; and
- (iii) there were no audit qualifications of the financial statements of Concord.

Commentary of past financial performance**FYE 31 December 2014**

The profits for the FYE 31 December 2014 was mainly due to waiver of loan capital.

FYE 31 December 2013

The LAT for the FYE 31 December 2013 was mainly due to operating and administrative expenses incurred.

FYE 31 December 2012

Concord has not commenced operations since the date of incorporation. The LAT for the FYE 31 December 2012 was mainly due to operating and administrative expenses incurred.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments or contingent liabilities incurred or known to be incurred by Concord which, upon becoming enforceable, may have a material impact on the financial results/ position of Concord.

8. MATERIAL LITIGATION

As at the LPD, Concord is not engaged, whether as plaintiff or defendant, in any litigation, arbitration proceedings or prosecution, and there are no litigation, proceeding or prosecution pending or threatened either by or against Concord.

9. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, Concord has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years immediately preceding the date of this Circular.

- (a) Shareholders' Agreement in relation to SMSB dated 21 November 2014 (as amended via a supplemental letter dated 15 January 2015) entered into between Creed, SSSB, Concord, TCSB, SMSB and Datuk Ter for the purposes of setting out the terms governing the relationship as shareholders of SMSB.
- (b) Share Purchase and Subscription Agreement dated 21 November 2014 entered into between Creed, SDSB, SSSB, SMSB, Concord and Datuk Ter for the sale and purchase and subscription of shares in SMSB. As at the LPD, the transaction is pending completion in accordance with the terms of the Share Purchase and Subscription Agreement.

INFORMATION ON RNSB

1. HISTORY AND BUSINESS

RNSB was incorporated as a private limited company on 11 November 2008 in Malaysia under the Act. RNSB is currently a wholly-owned subsidiary of SDSB and is principally engaged in property development.

2. SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of RNSB is as follows:

	No. of securities	Par value (RM)	RM
<u>RNSB Shares</u>			
Authorised share capital	400,000	1.00	400,000
Issued and paid-up share capital	250,000	1.00	250,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of RNSB and their direct and indirect shareholdings in RNSB based on the Register of Members of RNSB as at the LPD are as follows:

Shareholders	Nationality	Direct		Indirect	
		No. of RNSB Shares held	%	No. of RNSB Shares held	%
SDSB	Malaysia	250,000	100.00	-	-
SHSB	Malaysia	-	-	250,000 ⁽¹⁾	100.00
Datuk Ter	Malaysian	-	-	250,000 ⁽²⁾	100.00

Notes:-

(1) Deemed interested by virtue of its interest in SDSB pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of his interest in SDSB through SHSB pursuant to Section 6A of the Act.

4. DIRECTORS

The directors of RNSB and their direct and indirect shareholdings in RNSB based on the Register of Directors of RNSB as at LPD are as follows:

Directors	Nationality	Designation	Direct		Indirect	
			No. of RNSB Shares held	%	No. of RNSB Shares held	%
Datin Kwan	Malaysian	Director	-	-	-	-
Ter Leong Ping	Malaysian	Director	-	-	-	-
Simon Kwan Hoong Wai	Malaysian	Director	-	-	-	-

INFORMATION ON RNSB (Cont'd)**5. SUBSIDIARY AND ASSOCIATED COMPANY**

As at the LPD, RNSB does not have any subsidiary company and associated company.

6. FINANCIAL SUMMARY

The summary of key financial information of RNSB based on the Accountant's Report as enclosed in **Appendix V** of this Circular for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are set out below:

	FYE 31 December 2012	FYE 31 December 2013	FYE 31 December 2014
	RM'000	RM'000	RM'000
Revenue	-	3,636	35,257
(LBT)/PBT	(156)	(2,560)	1,877
(LAT)/PAT	(156)	(2,560)	1,877
Share capital	^	250	250
Shareholders' funds/NL	(166)	(2,476)	(599)
Total borrowings	-	-	-
NL ⁽¹⁾ per share (RM)	(83,000)	(17)	(2)
Gross (LPS)/EPS ⁽¹⁾ (RM)	(78,000)	(17)	8
Net (LPS)/EPS ⁽¹⁾ (RM)	(78,000)	(17)	8
Current ratio	1.00	0.97	0.99
Gearing (times)	-	-	-

Note:

(1) Calculated using weighted average number of ordinary shares

^ RM2

For the past three (3) FYEs of RNSB under review:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by RNSB which are peculiar to RNSB because of the nature of its business or the industry in which it is involved in; and
- (iii) save as disclosed, there were no audit qualifications of the financial statements of RNSB. For the FYE 31 December 2013, there was an emphasis of matter on the continuation of RNSB as a going concern.

Commentary of past financial performance**FYE 31 December 2014**

Revenue increased by approximately 870% or RM31,620,245 from RM3,636,364 in FYE 31 December 2013 to RM35,256,609 in FYE 31 December 2014 due to higher progress billings from property sales generated from remaining plots of Suria Hills 2A and additional bungalow plots of Suria Hills 2B.

RNSB generated a profit of RM1,877,363 in the FYE 31 December 2014 primarily due to the income arising from the waiver of loan capital by its immediate holding company.

INFORMATION ON RNSB (Cont'd)**FYE 31 December 2013**

The revenue of RM3,636,364 recorded in FYE 31 December 2013 was generated from commencement of bungalow plots sold under Suria Hills 2A development project. Despite the revenue generated in FYE 31 December 2013, the LAT increased by approximately 1542% or RM2,404,016 from RM155,950 in FYE 31 December 2012 to RM2,559,966 in FYE 31 December 2013 due to additional property development and operating costs from the Suria Hills project.

FPE 31 December 2012

For the FYE 31 December 2012, RNSB's property development activities were at the planning stage. As such, operating losses of RM155,950 was incurred.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, save for the following, there are no material commitments or contingent liabilities incurred or known to be incurred by RNSB which, upon becoming enforceable, may have a material impact on the financial results/ position of RNSB:

Contingent liabilities - secured	RM
Indemnity in respect of banker's guarantee issued on behalf of the company	26,200

8. MATERIAL LITIGATION

As at the LPD, RNSB is not engaged, whether as plaintiff or defendant, in any litigation, arbitration proceedings or prosecution, and there are no litigation, proceeding or prosecution pending or threatened either by or against RNSB.

9. MATERIAL CONTRACTS

As at the LPD, save for the RNSB Subscription Agreement (details of which are set out in **Section 2.7.2** of this Circular), RNSB has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years immediately preceding the date of this Circular.

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INFORMATION ON THE VENDORS

1. INFORMATION ON THK AND DATUK TER**1.1 THK**

THK, a Malaysian aged 79, is the father of Datuk Ter.

1.2 Datuk Ter

Datuk Ter, a Malaysian aged 51, began his involvement into the construction industry with the incorporation of a construction and material handling equipment business back in 1989. He had since diversified his business interests to include property development and education. He is the son of THK.

1.3 ORIGINAL COST OF INVESTMENT

The original cost of investment by THK and Datuk Ter in Concord are as follows:-

Vendor	Date of investment	No. of Concord Shares	Consideration (RM)
Datuk Ter	26 January 2015	1	26,560,648
THK	26 January 2015	1	26,560,648

2. INFORMATION ON TCSB**2.1 HISTORY AND BUSINESS**

TCSB was incorporated as a private limited company on 2 March 2010 in Malaysia under the Act. TCSB is principally an investment holding company engaged in property investment.

2.2 SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of TCSB is as follows:

	No. of securities	Par value (RM)	RM
Ordinary shares of RM1.00 each in TCSB ("TCSB shares")			
Authorised share capital	100,000	1.00	100,000
Issued and paid-up share capital	1,000	1.00	1,000

INFORMATION ON THE VENDORS (Cont'd)

2.3 SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of TCSB and their direct and indirect shareholdings in TCSB based on the Register of Members of TCSB as at the LPD are as follows:

Shareholders	Nationality	Direct		Indirect	
		No. of TCSB Shares held	%	No. of TCSB Shares held	%
Datuk Ter	Malaysian	230	23.0	-	-
THK	Malaysian	230	23.0	-	-
Ter Leong Boon	Malaysian	230	23.0	-	-
Ng Hon Yin @ Hwang Giok Yin	Malaysian	50	5.0	-	-
Datuk Ter Leong Hing	Malaysian	230	23.0	-	-
Ter Leong Hua	Malaysian	15	1.5	-	-
Ter Leong Ping	Malaysian	15	1.5	-	-

2.4 DIRECTORS

The directors of TCSB and their direct and indirect shareholdings in TCSB based on the Register of Directors of TCSB as at the LPD are as follows:

Directors	Nationality	Direct		Indirect	
		No. of TCSB Shares held	%	No. of TCSB Shares held	%
Datuk Ter	Malaysian	230	23.0	-	-
THK	Malaysian	230	23.0	-	-
Ter Leong Boon	Malaysian	230	23.0	-	-
Ter Leong Ping	Malaysian	15	1.5	-	-

2.5 ORIGINAL COST OF INVESTMENT

The original cost of investment by TCSB in SMSB is as follows:

Vendor	Date of investment	No. of SMSB Shares	Consideration (RM)
TCSB	17 June 2013	5	5
TCSB	18 September 2013	12,495	12,495

INFORMATION ON THE VENDORS (Cont'd)

3. INFORMATION ON SIME DARBY PROPERTY**3.1 HISTORY AND BUSINESS**

Sime Darby Property was incorporated as a private limited company on 4 June 1983 in Malaysia under the Act. Sime Darby Property is a wholly owned subsidiary of Sime Darby Property Berhad, which in turn is a wholly-owned subsidiary of Sime Darby Berhad and is principally engaged in investment holding, property investment and property development.

3.2 SHARE CAPITAL

As at the LPD, the authorised and issued and paid-up share capital of Sime Darby Property is as follows:

	No. of ordinary shares	Par value (RM)	RM
Ordinary shares of RM1.00 each in Sime Darby Property ("Sime Darby Property Shares")			
Authorised share capital	500,000,000	1.00	500,000,000
Issued and paid-up share capital	448,560,002	1.00	448,560,002

3.3 SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Sime Darby Property and their direct and indirect shareholdings in Sime Darby Property based on the Register of Members of Sime Darby Property as at the LPD are as follows:

Shareholders	Place of incorporation	Direct		Indirect	
		No. of Sime Darby Property Shares held	%	No. of Sime Darby Property Shares held	%
Sime Darby Property Berhad	Malaysia	448,560,002	100.0	-	-
Sime Darby Berhad	Malaysia	-	-	448,560,002 ⁽¹⁾	100.0 ⁽¹⁾

Note:

- (1) Deemed interested by virtue its interest in Sime Darby Property Berhad pursuant to Section 6A of the Act.

INFORMATION ON THE VENDORS (Cont'd)

3.4 DIRECTORS

The directors of Sime Darby Property and their direct and indirect shareholdings in Sime Darby Property based on the Register of Directors of Sime Darby Property as at the LPD are as follows:

Directors	Nationality	Direct		Indirect	
		No. of Sime Darby Property Shares held	%	No. of Sime Darby Property Shares held	%
Dato' Seri Abd Wahab Bin Maskan	Malaysian	-	-	-	-
Ho Ee Lay	Malaysian	-	-	-	-
Mohd Salem Bin Kailany	Malaysian	-	-	-	-

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DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES

Name of project	Suria Serenia	Sunsuria Medini	Suria Hills 2A and 2B
<p>Location of the land</p>	<ol style="list-style-type: none"> 1) Geran 316182 (formerly known as 49973), Lot 6919 & 4960, Mukim of Dengkil, District of Sepang, Selangor; 2) Geran 313469 (formerly known as 48715), Lot 4640, Mukim of Dengkil, District of Sepang, Selangor; 3) Geran 271018, Lot 7718, Mukim of Dengkil, District of Sepang, Selangor; 4) Geran 122099, Lot 20996, Mukim of Dengkil, District of Sepang, Selangor; 5) Geran 273723, Lot 31484, Mukim of Dengkil, District of Sepang, Selangor, and 6) Geran 27613, Lot 4639 & 4705, Mukim of Dengkil, District of Sepang, Selangor. 	<ol style="list-style-type: none"> 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 535603, Lot PTD 199647; 8) Plot C16, HSD 546575, Lot PTD 200279; 9) Plot C17, HSD 546576, Lot PTD 200280; 10) Plot C18, HSD 546577, Lot PTD 200281; 11) Plot C19, HSD 546578, Lot PTD 200282; 12) Plot C20, HSD 546579, Lot PTD 200283; 13) Plot C21, HSD 535604, Lot PTD 199648; 14) Plot C22, HSD 535605, Lot PTD 199649; 15) Plot C23, HSD 535606, Lot PTD 199650; and 16) Plot C24, HSD 535607, Lot PTD 199651 <p>all within Mukim of Pulai, District of Johor Bahru, Johor</p>	<ol style="list-style-type: none"> 1) Geran 314152 to 314154 (inclusive), Lot 85737 to 85739 (inclusive); 2) H.S.(D) 264068 to 264073 (inclusive), Lot PT 26008 to PT 26013 (inclusive); 3) H.S.(D) 264237 to 264239, Lot PT 26177 to PT 26179 (inclusive); and 4) HSD 298593 to 298641, Lot PT 36957 to PT 37005 (inclusive) <p>all within Mukim Bukit Raja, Daerah Petaling, Negeri Selangor.</p>

APPENDIX III

DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES (Cont'd)

Name of project	Suria Serenia	Sunsuria Medini	Suria Hills 2A and 2B
Description of the land	<p>Three (3) parcels of residential land known as Plot 1A, 2B & 3 (Residential) and six (6) parcels of commercial land known as Plot 1B, 2A, 3 (Commercial), 9,10 and Sales Gallery Land.</p>	<p>Three (3) parcels of commercial land, three (3) parcels of serviced apartment land and ten (10) parcels of office/warehouse land.</p>	<p>Sixty eight (68) parcels of bungalow plot.</p>
Registered owner	<p>Sime Darby Ampar Tenang Development Sdn Bhd ("SDAT") (now known as Sime Darby Serenia Development Sdn Bhd)⁽¹⁾</p>	<p>Iskandar Investment Berhad</p>	<ol style="list-style-type: none"> 1) Wong Yuen Teck is the registered owner of Lot 85737⁽²⁾; 2) Simon Kwan Hoong Wai is the registered owner of Lot 85738⁽²⁾; 3) Datuk Ter is the registered owner of Lot 85739 and PT 26008⁽²⁾; 4) Mohd Azrin Bin Ayub Ahmad @ Abd Samad is the registered owner of Lot PT 26009 to 26011⁽²⁾; 5) Nazlina Binti Mohamad Yusup is the registered owner of Lot PT 26012 to 26013⁽²⁾; 6) Adam Malik Bin Abdul Suleiman is the registered owner of Lot PT 26177⁽²⁾; 7) Sirajunnisa Binti Abdul Kadir is the registered owner of Lot PT 26178⁽²⁾; 6) Abdul Hadi Bin Ahmad is the registered owner of Lot PT 26179⁽²⁾; and 9) Rentak Nusantara Sdn Bhd is the registered owner of Lot PT 36957 to 37005.

DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES (Cont'd)

Name of project	Suria Serenia	Sunsuria Medini	Suria Hills 2A and 2B
Beneficial owner	Cypress Promotions Sdn Bhd (now known as SDSDSB) (1)	SMSB is the lessee	RNSB
Encumbrances	Nil	PTD 199644, PTD 199647, PTD 199648, PTD 199469, PTD 199650 & PTD 199651 Vide Presentation No. 55410/2014, 55408/2014, 55406/2014, 55404/2014, 55402/2014 & 55400/2014 respectively Charge on Lease to Bank of China (Malaysia) Berhad registered on 6 July 2014 Remaining Lots Nil	Nil
Tenure of land	Freehold	Leasehold for 99 years expiring on 27 May 2113 The tenure of the parent lot is freehold.	Freehold
NBV	RM24.18 million as at 30 June 2014 ⁽³⁾	RM136.69 million as at 31 December 2014	RM63.32 million as at 31 December 2014
Market value	RM505,000,000	RM600,000,000	RM57,000,000
Size of land (acres)	331.27	82.77	10.96
Existing usage	Development land	On-going development	On-going development

DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES (Cont'd)

Name of project	Suria Sereenia	Sunsuria Medini	Suria Hills 2A and 2B
Types of development	Mixed development comprising residential and commercial components, details of which have yet to be determined and shall be finalised at a later stage	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 stages	An on-going bungalow land development of earthworks, site clearance and certain infrastructure works surrounding the bungalow plots ("Infrastructure")
Estimated GDV (RM billion)	6.39	4.46	0.08
Total estimated development cost (RM)	Approximately RM3.64 billion to be funded via internally-generated funds and bank borrowings, the quantum of which is to be determined later.	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.	Approximately RM0.06 billion to be funded via internally-generated funds.
Total estimated profits expected to be derived (%)	Profit margins ranging between 40% to 45%	For Plots C15, C23 and C24, profit margins ranging between 25% to 40%	Profit margins of 18%
Buildings Erected	None	On-going mixed commercial industrial development on Plot C15, C23 and C24	None
Expected Development period (years)	12	8	2
Commencement date	2015	2014	2014
Expected completion date	2027	2022	2016

DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES (Cont'd)

Name of project	Suria Serenia	Sunsuria Medini	Suria Hills 2A and 2B
Percentage of completion	At initial planning stage.	Development of Plot C15 is currently at 47.7%. Development of Plots C23 and C24 is currently at 30%.	Phase 2A has been completed and Phase 2B is currently at 93.5% in relation to the Infrastructure.
Status of relevant approvals obtained/ date obtained	Application for planning approval is targeted to be submitted by the first (1 st) half of 2015.	Planning approval was obtained on 2 July 2014 for Plot C15 whereas for Plot C23 and C24 the planning approval was obtained on 29 January 2015. Building plan approval for Plot C15 and Plot C24 was obtained on 26 March 2015.	Planning Approval for the three (3) parent lots within Phase 2A to be subdivided into ten (10) parcels of bungalow plots was obtained on 29 January 2013 whilst Planning Approval for Phase 2B is obtained on 26 April 2013.
Total number of units sold as the LPD	N/A	139	35
Category of land use (as per land title)	Building	Building (for Plot C7 to C12) and Industrial (for Plot C15 to C24).	Building

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DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES (Cont'd)

Name of project	Suria Serenia	Sunsuria Medini	Suria Hills 2A and 2B
Express condition (as per land title)	Residential or Commercial	<p>Building (for Plot C7 to C9),</p> <p>"i. Tanah ini hendaklah digunakan untuk Bangunan Bertingkat bagi tujuan Komersil, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.</p> <p>ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.</p> <p>iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi."</p> <p>Building (for Plot C10 to C12),</p> <p>"i. Tanah ini hendaklah digunakan sebagai bangunan bertingkat untuk tujuan Service Apartment dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.</p> <p>ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.</p>	Residential Building

DEVELOPMENT PROJECTS AND LANDS HELD BY IDENTIFIED COMPANIES (Cont'd)

Name of project	Suria Serenia	Sunsuria Medini	Suria Hills 2A and 2B
		<p>iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.”</p> <p>Office/Warehouse (for Plot C15 to C24)</p> <p>“i. Tanah ini hendaklah digunakan untuk Pejabat/Gudang, dibina mengikut pelan yang diluluskan oleh Pihak BerkuasaTempatan yang berkenaan.</p> <p>ii. Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.</p> <p>iii. Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.”</p>	

Notes:

- (1) 10% of the purchase consideration has been paid by SDSDSB to SDAT and the transfer of ownership has not been completed.
- (2) The transfer of ownership to RNSB pursuant to a sale and purchase agreement dated 18 July 2012 has not been completed.
- (3) Represents the deposit paid for the purchase of the Suria Serenia Land as at 30 June 2014.

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DIRECTORS' REPORT LETTER ON SGSB

Sunsuria Gateway Sdn. Bhd. (1043624-X)
 Suite 8, Main Tower, Sunsuria Avenue
 Persiaran Mahogany, Kota Damansara
 PJU5, 47810 Petaling Jaya
 Selangor Darul Ehsan, Malaysia

Telephone: 03-6145 7777
 Facsimile: 03-6145 7778



www.sunsuria.com

Registered Office:
 S-12A-0, Level 12A,
 First Subang, Jalan 15/4G,
 47500 Subang Jaya, Selangor.

Date: 26 MAY 2015

The Board of Directors
Sunsuria Berhad
 Level 8, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan

Dear Sirs,

PROPOSED SUBSCRIPTION BY SUNSURIA BERHAD (FORMERLY KNOWN AS MALAYSIA AICA BERHAD) OF SECURITIES IN SUNSURIA GATEWAY SDN BHD ("SGSB")

On behalf of the Board of Directors of SGSB, I wish to report that after due enquiry in relation to the interval between 31 December 2014, being the date to which the last audited financial statements of SGSB has been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Circular, that:

- (i) the business of SGSB has, in the opinion of the Board of Directors of SGSB, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of SGSB, no circumstances has arisen since the last audited financial statements of SGSB which has adversely affected trading or the value of the assets of SGSB;
- (iii) the current assets of SGSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by SGSB;
- (v) there have been, since the last audited financial statements of SGSB, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings of SGSB in which the Board of Directors of SGSB are aware of; and
- (vi) there has been no material change to the published reserves or any unusual factors affecting the profits of SGSB since the last audited financial statements of SGSB.

Yours faithfully

For and on behalf of the Board of Directors of
SUNSURIA GATEWAY SDN BHD


DATUK TER LEONG YAP
 Director

DIRECTORS' REPORT LETTER ON SDSDSB

Sime Darby Sunsuria Development Sdn Bhd
(Company No. 1048895-A)

Suite 8, Main Tower, Sunsuria Avenue
Persiaran Mahogany, Kota Damansara, PJU 5,
47810 Petaling Jaya,
Selangor D.E., Malaysia
Tel: (603) 6145 7777
Fax: (603) 6145 7778

Registered Office:
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur.

Date: 26 MAY 2015

The Board of Directors
Sunsuria Berhad
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

PROPOSED ACQUISITION BY SUNSURIA BERHAD (FORMERLY KNOWN AS MALAYSIA AICA BERHAD) OF THE 50% EQUITY INTEREST IN SIME DARBY SUNSURIA DEVELOPMENT SDN BHD ("SDSDSB")

On behalf of the Board of Directors of SDSDSB, I wish to report that after due enquiry in relation to the interval between 30 June 2014, being the date to which the last audited financial statements of SDSDSB has been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Circular, that:

- (i) the business of SDSDSB has, in the opinion of the Board of Directors of SDSDSB, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of SDSDSB, no circumstances has arisen since the last audited financial statements of SDSDSB which has adversely affected trading or the value of the assets of SDSDSB;
- (iii) the current assets of SDSDSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by SDSDSB;
- (v) there have been, since the last audited financial statements of SDSDSB, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings of SDSDSB in which the Board of Directors of SDSDSB are aware of; and
- (vi) there has been no material change to the published reserves or any unusual factors affecting the profits of SDSDSB since the last audited financial statements of SDSDSB.

Yours faithfully

For and on behalf of the Board of Directors of
SIME DARBY SUNSURIA DEVELOPMENT SDN BHD


BATUK TER LEONG YAP
Director

DIRECTORS' REPORT LETTER ON SMSB

Sunsuria Medini Sdn. Bhd. (1866859-P)
 Suite 8, Main Tower, Sunsuria Avenue
 Persiaran Mahogany, Kota Damansara
 PJU5, 47810 Petaling Jaya
 Selangor Darul Ehsan, Malaysia

Telephone: 03-6145 7777
 Facsimile: 03-6145 7778

www.sunsuria.com



Registered Office:
 S-12A-0, Level 12A,
 First Subang, Jalan 15/4G,
 47500 Subang Jaya, Selangor.

Date: **26 MAY 2015**

The Board of Directors
Sunsuria Berhad
 Level 8, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan

Dear Sirs,

PROPOSED ACQUISITION BY SUNSURIA BERHAD (FORMERLY KNOWN AS MALAYSIA AICA BERHAD) OF 21% EFFECTIVE EQUITY INTEREST IN SUNSURIA MEDINI SDN BHD ("SMSB")

On behalf of the Board of Directors of SMSB, I wish to report that after due enquiry in relation to the interval between 31 December 2014, being the date to which the last audited financial statements of SMSB has been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Circular, that:

- (i) the business of SMSB has, in the opinion of the Board of Directors of SMSB, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of SMSB, no circumstances has arisen since the last audited financial statements of SMSB which has adversely affected trading or the value of the assets of SMSB;
- (iii) the current assets of SMSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by SMSB;
- (v) there have been, since the last audited financial statements of SMSB, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of SMSB in which the Board of Directors of SMSB are aware of; and
- (vi) there has been no material change to the published reserves or any unusual factors affecting the profits of SMSB since the last audited financial statements of SMSB.

Yours faithfully

For and on behalf of the Board of Directors of
SUNSURIA MEDINI SDN BHD


DATUK TER LEONG YAP
 Director

DIRECTORS' REPORT LETTER ON CONCORD

Concord Property Management Sdn Bhd (786773-T)

Suite 8, Main Tower, Sunsuria Avenue, Persiran Mahogani, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor.
Tel: 03-6145 7777 Fax: 03-6145 7778**Registered Office:**
Room 1.02 50A & 52A, Jalan Pasar,
41400 Klang, Selangor.

Date: 26 MAY 2015

The Board of Directors
Sunsuria Berhad
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

PROPOSED ACQUISITION BY SUNSURIA BERHAD (FORMERLY KNOWN AS MALAYSIA AICA BERHAD) OF THE ENTIRE EQUITY INTEREST IN CONCORD PROPERTY MANAGEMENT SDN BHD ("CONCORD")

On behalf of the Board of Directors of Concord, I wish to report that after due enquiry in relation to the interval between 31 December 2014, being the date to which the last audited financial statements of Concord has been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Circular, that:

- (i) the business of Concord has, in the opinion of the Board of Directors of Concord, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of Concord, no circumstances has arisen since the last audited financial statements of Concord which has adversely affected trading or the value of the assets of Concord;
- (iii) the current assets of Concord appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there is no contingent liability which has arisen by reason of any guarantees or indemnities given by Concord;
- (v) there have been, since the last audited financial statements of Concord, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings of Concord in which the Board of Directors of Concord are aware of; and
- (vi) there has been no material change to the published reserves or any unusual factors affecting the profits of Concord since the last audited financial statements of Concord.

Yours faithfully
For and on behalf of the Board of Directors of
CONCORD PROPERTY MANAGEMENT SDN BHD
DATUK TER LEONG YAP
Director

DIRECTORS' REPORT LETTER ON RNSB

Rentak Nusantara Sdn Bhd (638155 X)
 Suite 8, Main Tower, Sunsuria Avenue
 Persiaran Mahogany, Kota Damansara
 PJU5, 47810 Petaling Jaya
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Registered Office:
 S-12A-0, Level 12A,
 First Subang, Jalan 15/4G,
 47500 Subang Jaya, Selangor.

Date: **26 MAY 2015**

The Board of Directors
Sunsuria Berhad
 Level 8, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan

Dear Sirs,

PROPOSED SUBSCRIPTION BY SUNSURIA BERHAD (FORMERLY KNOWN AS MALAYSIA AICA BERHAD) OF 25,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AND 32,000,000 NEW REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH IN RENTAK NUSANTARA SDN BHD ("RNSB")

On behalf of the Board of Directors of RNSB, I wish to report that after due enquiry in relation to the interval between 31 December 2014, being the date to which the last audited financial statements of RNSB has been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Circular, that:

- (i) the business of RNSB has, in the opinion of the Board of Directors of RNSB, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of RNSB, no circumstances has arisen since the last audited financial statements of RNSB which has adversely affected trading or the value of the assets of RNSB;
- (iii) the current assets of RNSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by RNSB;
- (v) there have been, since the last audited financial statements of RNSB, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings of RNSB in which the Board of Directors of RNSB are aware of; and
- (vi) there has been no material change to the published reserves or any unusual factors affecting the profits of RNSB since the last audited financial statements of RNSB.

Yours faithfully
 For and on behalf of the Board of Directors of
RENTAK NUSANTARA SDN BHD

SIMON KWAN HOONG WAI
 Director

ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

SUNSURIA GATEWAY SDN. BHD.
CONCORD PROPERTY MANAGEMENT SDN. BHD.
SUNSURIA MEDINI SDN. BHD.
RENTAK NUSANTARA SDN. BHD.
SIME DARBY SUNSURIA DEVELOPMENT SDN. BHD.
ACCOUNTANTS' REPORT

1. PURPOSE OF REPORT

This report has been prepared by Messrs. Crowe Horwath, an approved company auditor and a firm of public accountants registered in Malaysia, for inclusion in the circular of Sunsuria Berhad ("Sunsuria" or "the Company") to its shareholders ("the Circular") in connection with the Proposals for Proposed Subscriptions and Proposed Acquisitions. The details of the Proposals are disclosed in Section 2 of this report.

1.1 ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report.

Abbreviations

Concord	Concord Property Management Sdn. Bhd.
Datin Kwan	Datin Kwan May Yuen
Datuk Ter	Datuk Ter Leong Yap
Gearing ratio (times)	Gearing ratio was calculated based on the Company's interest bearing borrowings, divided by the shareholders' equity of the Company at the end of the reporting period.
Gross EPS	Gross earnings per share, computed by dividing the profit before taxation by the number of ordinary shares in issue during the Relevant Financial Period.
Gross LPS	Gross loss per share, computed by dividing the loss before taxation by the number of ordinary shares in issue during the Relevant Financial Period.
GP	Gross profit
JCE	Jointly controlled entity

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**1. PURPOSE OF REPORT (CONT'D)****1.1 ABBREVIATIONS (CONT'D)***Abbreviations (Cont'd)*

LAT	Loss after taxation
LBT	Loss before taxation
NA	Net assets
N/A	Not applicable
Net EPS	Net earnings per share, computed by dividing the profit after taxation by the number of ordinary shares in issue during the Relevant Financial Period.
Net LPS	Net loss per share, computed by dividing the loss after taxation by the number of ordinary shares in issue during the Relevant Financial Period.
NL	Net liabilities
PAT	Profit after taxation
PBT	Profit before taxation
RNSB	Rentak Nusantara Sdn. Bhd.
SDSDSB	Sime Darby Sunsuria Development Sdn. Bhd.
SDSDSB SPA	Conditional share purchase agreement dated 20 April 2015 entered into between Sunsuria with Sime Darby Property for the Proposed SDSDSB Acquisition
SDSB	Sunsuria Development Sdn. Bhd.
SDP	Sime Darby Property (Sungai Kapar) Sdn. Bhd.
SGSB	Sunsuria Gateway Sdn. Bhd.
SGSB Payment Date	Sixty (60) days after the completion date as contemplated under the SGSB Subscription Agreement
SGSB RPS-A	Existing redeemable preference shares-class A of RM0.01 each in SGSB
SHSB	Sunsuria Holdings Sdn. Bhd.
Sime Darby Advances	Inter-company advances owing by SDSDSB to SDP, comprising shareholders' advances provided and to be provided by SDP for the purposes of the ongoing business or operations of SDSDSB pending the completion of the SDSDSB SPA, which as at 31 March 2015 amounts to RM16,390,700.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**1. PURPOSE OF REPORT (CONT'D)****1.1 ABBREVIATIONS (CONT'D)***Abbreviations (Cont'd)*

SMSB	Sunsuria Medini Sdn. Bhd.
Sunsuria	Sunsuria Berhad
Sunsuria Share	Ordinary share of RM0.50 each in Sunsuria

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ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)


2. DETAILS OF THE PROPOSALS

The Proposals to be undertaken by Sunsuria are as follows:-

(a) Proposed SDSDSB Transactions

The Proposed SDSDSB Transactions comprises the following proposals undertaken collectively with a view to obtain full control over SDSDSB:-

(i) Proposed SGSB Transactions (together with the Proposed Variation); and

The Proposed SGSB Subscription is a component of the Proposed SGSB Transactions and involves the subscription by Sunsuria for 1,000,000 new ordinary shares of RM1.00 each in SGSB ("**SGSB Shares**"), representing 99.99% equity interest in SGSB at a cash subscription price of RM1,000,000 and proposed subscription for 237,000,000 new redeemable preference shares-Class B of RM0.01 each in SGSB ("**SGSB RPS-B**") at a subscription price of RM237,000,000 (Collectively, the "**Proposed SGSB Subscription**");

On 20 April 2015, Sunsuria entered into the Supplemental SGSB Subscription Agreement with SGSB, Datuk Ter and Datin Kwan (as existing shareholders of SGSB) to fix the maximum redemption sum payable for the full and final capital redemption of all SGSB RPS-A issued by SGSB and held by Datuk Ter at a maximum of RM168,390,000 and thereafter there shall be no further issuance of SGSB RPS-A under the terms of the SGSB Subscription Agreement ("**Proposed Full and Final Capital Return**").

Arising from the Proposed Full and Final Capital Return of SGSB RPS-A, there will be an amount of RM69,610,000 in SGSB intended to be utilised for inter-alia working capital purposes of SGSB, including, the payment of the remaining unpaid Suria Serenia Land purchase consideration by SDSDSB.

In addition to the Proposed SGSB Subscription, Datuk Ter has also committed to subscribe for RM100,000,000 in value of Sunsuria Shares at an issue price of RM0.98 per Sunsuria Share, amounting to 102,040,816 Sunsuria Shares ("**Proposed Reinvestment**"). SGSB, Datuk Ter and Sunsuria have agreed to set-off RM100,000,000 of the redemption sum payable under the Proposed Full and Final Capital Return of SGSB RPS-A against the subscription price payable under the Proposed Reinvestment.

(ii) Proposed SDSDSB Acquisition

The Proposed SDSDSB Acquisition entails Sime Darby Property agreeing to sell and Sunsuria agreeing to purchase the remaining SDSDSB Sale Share for a total cash consideration of RM173,390,700, comprising RM157,000,000 for the Proposed SDSDSB Acquisition as well as RM16,390,700 for the settlement of the Sime Darby Advances on or before the expiry of 12 months after the SDSDSB Completion Date.

Upon completion of the Proposed SGSB Subscription and Proposed SDSDSB Acquisition, Sunsuria would have an approximately 100% equity interest in SDSDSB.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**


2. DETAILS OF THE PROPOSALS (CONT'D)
(b) Proposed SMSB Acquisitions

The Proposed SMSB Acquisitions entails proposed acquisition of a 21% effective equity interest in SMSB by:-

- (i) Proposed acquisition of 2 ordinary shares of RM1.00 each in Concord ("Concord Sale Shares") representing the entire equity interest in Concord (which currently holds 250,000 ordinary shares of RM1.00 each in SMSB, representing 20% equity interest in SMSB) for a cash consideration of RM53,121,296.30 ("**Proposed SMSB Acquisition 1**");
- (ii) Proposed acquisition of 12,500 ordinary shares of RM1.00 each in SMSB ("SMSB Sale Shares") representing 1% equity interest in SMSB for a cash consideration of RM1,848,399.97 ("**Proposed SMSB Acquisition 2**")

(The Proposed SMSB Acquisition 1 and the Proposed SMSB Acquisition 2 are collectively referred to as the "Proposed SMSB Acquisitions")

(c) Proposed RNSB Subscription

The Proposed RNSB Subscription entails the subscription by Sunsuria for:

- (i) 25,000,000 new ordinary shares of RM1.00 each, representing 99.01% of the enlarged issued and paid-up share capital of RNSB at the cash subscription price of RM25,000,000; and
- (ii) 32,000,000 new redeemable preference Shares of RM0.01 each in RNSB at the cash subscription price of RM32,000,000.

(Collectively referred to as the "Proposals")

ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES (Cont'd)

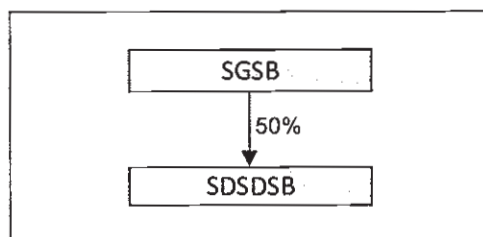


3. GENERAL INFORMATION

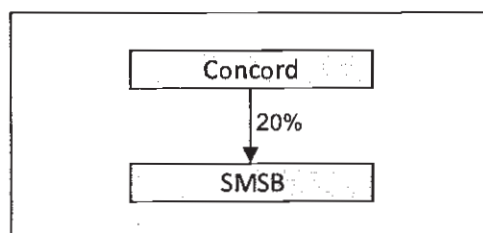
3.1 STRUCTURES

As at the date of this report, the structures of SGSB and Concord are as follows:-

3.1.1 SGSB



3.1.2 Concord



3.2 BACKGROUND INFORMATION

3.2.1 SGSB

(a) Corporate information

SGSB was incorporated as a private limited company on 23 April 2013 under the Companies Act 1965 ("Act") in Malaysia.

SGSB is principally engaged in investment holding.

As at the date of this report, SGSB has a jointly controlled entity, namely SDSDSB wherein its shareholding is 50%. Please refer to Section 3.2.5 for the information on SDSDSB.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

3. GENERAL INFORMATION (CONT'D)
3.2 BACKGROUND INFORMATION (CONT'D)
3.2.1 SGSB (CONT'D)
(b) Share capital

As at the date of this Report, the authorised and issued share capital of **SGSB** since its incorporation are as follows:-

(i) Authorised
Ordinary Shares

Date of creation	No. of ordinary shares increased/ (reclassified)	Par value RM	Cumulative authorised share capital RM
23 April 2013 (Date of incorporation)	400,000	1.00	400,000
22 December 2014 #	(260,000)	1.00	140,000

The authorised share capital of the Company at the date of incorporation is RM400,000 divided into 400,000 ordinary shares of RM1.00 each was altered by re-classifying the shares into 140,000 ordinary shares of RM1.00 each and 26,000,000 preference shares of RM0.01 each.

Redeemable Preference Shares ("SGSB RPS-A")

Date of creation	No. of RPS increased	Par value RM	Cumulative authorised share capital RM
22 December 2014	26,000,000	0.01	260,000

(ii) Issued And Fully Paid-up
Ordinary Shares

Date of allotment	No. of ordinary shares issued	Par value RM	Cumulative issued and paid-up share capital RM
23 April 2013	2	1.00	2

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**3. GENERAL INFORMATION (CONT'D)****3.2 BACKGROUND INFORMATION (CONT'D)****3.2.1 SGSB (CONT'D)****(b) Share capital (Cont'd)****(ii) Issued And Fully Paid-up (Cont'd)**SGSB RPS-A

Date of allotment	No. of RPS issued	Par value RM	Cumulative issued and paid-up share capital RM
22 December 2014	14,945,642	0.01	149,456
30 March 2015	1,893,358	0.01	168,390

3.2.2 CONCORD**(a) Corporate information**

Concord was incorporated as a private limited company on 31 August 2007 in Malaysia under the Act.

Concord is principally an investment holding company.

As at the date of this report, Concord has an associate, namely SMSB wherein its shareholding is 20%. Please refer to Section 3.2.3 for the information on SMSB.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**3. GENERAL INFORMATION (CONT'D)****3.2 BACKGROUND INFORMATION (CONT'D)****3.2.2 CONCORD (CONT'D)****(b) Share capital**

As at the date of this Report, the authorised and issued share capital of Concord since its incorporation are as follows:-

(i) Authorised

Date of creation	No. of ordinary shares increased	Par value RM	Cumulative authorised share capital RM
31 August 2007 (Date of incorporation)	100,000	1.00	100,000

(i) Issued And Fully Paid-up

Date of allotment	No. of ordinary shares issued	Par value RM	Cumulative issued and paid-up share capital RM
31 August 2007	2	1.00	2

3.2.3 SMSB**(a) Corporate information**

SMSB was incorporated as a private limited company on 3 August 2009 in Malaysia under the Act.

SMSB is principally engaged in property development and property investment.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**3. GENERAL INFORMATION (CONT'D)****3.2 BACKGROUND INFORMATION (CONT'D)****3.2.3 SMSB (CONT'D)****(b) Share capital**

As at the date of this Report, the authorised and issued share capital of SMSB since its incorporation are as follows:-

(i) Authorised

Date of creation	No. of ordinary shares increased	Par value RM	Cumulative authorised share capital RM
3 August 2009 (Date of incorporation)	100,000	1.00	100,000
18 September 2013	300,000	1.00	400,000
27 August 2014	600,000	1.00	1,000,000
28 November 2014	4,000,000	1.00	5,000,000

(ii) Issued And Fully Paid-up

Date of allotment	No. of ordinary shares issued	Par value RM	Cumulative issued and paid-up share capital RM
3 August 2009	2	1.00	2
28 October 2009	98	1.00	100
18 September 2013	249,900	1.00	250,000
27 August 2014	750,000	1.00	1,000,000
28 November 2014	250,000	1.00	1,250,000

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**3. GENERAL INFORMATION (CONT'D)****3.2 BACKGROUND INFORMATION (CONT'D)****3.2.4 RNSB****(a) Corporate information**

RNSB was incorporated as a private limited company on 11 November 2008 in Malaysia under the Act.

RNSB is a wholly-owned subsidiary of SDSB, which in turn is wholly-owned by SHSB. RNSB is principally engaged in property development.

(b) Share capital

As at the date of this Report, the authorised and issued share capital of RNSB since its incorporation are as follows:-

(i) Authorised

Date of creation	No. of ordinary shares increased	Par value RM	Cumulative authorised share capital RM
11 November 2008 (Date of incorporation)	100,000	1.00	100,000
31 May 2013	300,000	1.00	400,000

(ii) Issued And Fully Paid-up

Date of allotment	No. of ordinary shares issued	Par value RM	Cumulative issued and paid-up share capital RM
11 November 2008	2	1.00	2
31 May 2013	249,998	1.00	250,000

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**3. GENERAL INFORMATION (CONT'D)****3.2 BACKGROUND INFORMATION (CONT'D)****3.2.5 SDSDSB****(a) Corporate information**

SDSDB was incorporated as a private limited company on 6 June 2013 in Malaysia under the Act. SDSDB is presently a joint venture company incorporated between SDP and SGSB. SDSDB is a 50% owned jointly controlled entity of SGSB and a 50% owned jointly controlled entity of SDP.

The principal activity of SDSDB will be to undertake the mixed development of Suria Serenia.

(b) Share capital

As at the date of this Report, the authorised and issued share capital of SDSDB since its incorporation are as follows:-

(ii) Authorised

Date of creation	No. of ordinary shares increased	Par value RM	Cumulative authorised share capital RM
6 June 2013 (Date of incorporation)	400,000	1.00	400,000

(iii) Issued And Fully Paid-up

Date of allotment	No. of ordinary shares issued	Par value RM	Cumulative issued and paid-up share capital RM
6 June 2013	2	1.00	2

4. DIVIDENDS

SGSB, SMSB, Concord, RNSB and SDSDB have not paid or declared any dividend for the period/years under review.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

5. RELEVANT FINANCIAL PERIOD AND AUDITORS

During the financial period under review, the financial year end of all the companies is at 31 December except for SMSB, RNSB and SDSDSB which are 31 October, 31 March and 30 June respectively. SMSB and RNSB had changed its financial year end to 31 December at the beginning of the financial period from 1 November 2011 to 31 December 2012 and 1 April 2012 to 31 December 2012 respectively, in order to be coterminous with the financial year end of its holding company.

The relevant financial years/period of the audited financial statements provided in this report ("Relevant Financial Period") and the auditors of the respective companies for the Relevant Financial Period are as follows:-

Companies	Relevant Financial Periods	Auditors	Auditors' Report
SGSB	Financial period from 23 April 2013 (Date of incorporation) to 31 December 2013 ("FPE 2013")	Messrs. Hong Associates	Appendix I
	Financial year ended ("FYE") 31 December 2014 ("FYE 2014")	Messrs. Hong Associates	
Concord	FYE 31 December 2012 ("FYE 2012")	Messrs. Hong Associates	Appendix II
	FYE 31 December 2013 ("FYE 2013")	Messrs. Hong Associates	
	FYE 31 December 2014 ("FYE 2014")	Messrs. Hong Associates	
SMSB	Financial period from 1 November 2011 to 31 December 2012 ("FPE 2012")	Messrs. Hong Associates	Appendix III
	FYE 31 December 2013 ("FYE 2013")	Messrs. Hong Associates	
	FYE 31 December 2014 ("FYE 2014")	Messrs. Hong Associates	
RNSB	FYE 31 March 2012 ("FYE 2012")	Wong Chau Hwa & Co.	Appendix IV
	Financial period from 1 April 2012 to 31 December 2012 ("FPE 2012")	Messrs. Hong Associates	
	FYE 31 December 2013 ("FYE 2013")	Messrs. Hong Associates	
	FYE 31 December 2014 ("FYE 2014")	Messrs. Hong Associates	
SDSDSB	Financial period from 6 June 2013 (Date of incorporation) to 30 June 2014 ("FPE 2014")	Messrs. Crowe Horwath	Appendix V

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**


5. RELEVANT FINANCIAL PERIOD AND AUDITORS (CONT'D)

The auditors' reports on the respective financial statements included in this report for the Relevant Financial Period were not subjected to any qualification or modification, except as follows:-

RNSB

The auditors' report for the FYE 2013 contained an emphasis of matter on the continuation of RNSB as a going concern.

SMSB

The auditors' report for the FYE 2014 contained an emphasis of matter on the continuation of SMSB as a going concern.

6. BASIS OF PREPARATION
6.1 APPLICATION AND REASSESSMENT OF EXISTING STANDARDS AND ADOPTION OF FRS

This report is prepared based on the audited financial statements of SGSB, Concord, SMSB, RNSB and SDSDSB for the Relevant Financial Period.

The financial statements of SGSB, Concord, SMSB and RNSB have been prepared in accordance with Private Entity Reporting Standards ("PERS") whilst the financial statements of SDSDSB have been prepared in accordance with Financial Reporting Standards ("FRSs").

We have reviewed the financial statements of SGSB, Concord, SMSB and RNSB for the Relevant Financial Period for the purpose of FRSs compliance. There are no material differences between PERS and FRSs that have been adopted by SGSB, Concord, SMSB and RNSB for the Relevant Financial Period other than the investment in an associate or a jointly controlled entity shall be accounted for using the equity method in its financial statements (known as primary financial statements) in accordance with FRS 128 *Investments in Associates and Joint Ventures*. As a result, the investment in an associate or a jointly controlled entity shall be accounted for in the entity's separate financial statements using the cost method or fair value method.

Below is the summary of the reconciliation for the adoption of FRS 128:-

(a) Reconciliation of Statements of Financial Position
FYE 2014

	Concord As previously reported RM'000	Note 6.1 RM'000	Concord And Its Associates As restated RM'000
Investment in an associate	250	(250)	-
Retained profits	13,364	(250)	13,114

ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES (Cont'd)

**6. BASIS OF PREPARATION (CONT'D)****6.1 APPLICATION AND REASSESSMENT OF EXISTING STANDARDS AND ADOPTION OF FRS (CONT'D)**

(b) Reconciliation of Statements or Profit Or Loss and Other Comprehensive Income

FYE 2014

	Concord As previously reported RM'000	Note 6.1 RM'000	Concord And Its Associates As restated RM'000
Share of loss in an associate, net of tax	-	250	250
Profit before taxation	13,387	(250)	13,137
Profit after taxation	13,373	(250)	13,123

(c) Reconciliation of Statements of Cash Flows

FYE 2014

There are no material differences between the statements of cash flows presented under PERS and FRSs.

(d) Reconciliation of Statements of Changes in Equity

FYE 2014

	Concord As previously reported RM'000	Note 6.1 RM'000	Concord And Its Associates As restated RM'000
Retained profits	13,364	(250)	13,114

ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES (Cont'd)

**6. BASIS OF PREPARATION (CONT'D)****6.1 APPLICATION AND REASSESSMENT OF EXISTING STANDARDS AND ADOPTION OF FRS (CONT'D)**

The financial statements of SGSB, Concord, SMSB, RNSB and SDSDSB are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

6.2 For the purpose of this Report, SGSB, Concord, SMSB, RNSB and SDSDSB have adopted all FRSs and/or interpretation(s) (including the consequential amendments, if any) issued and effective for annual periods beginning on or after 1 January 2014.

There are no material differences between PERS and FRSs other than the nomenclature of the accounting standards used in this report have been changed to FRSs equivalent.

6.3 SGSB, Concord, SMSB, RNSB and SDSDSB has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the FYE 2014:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans - Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**6. BASIS OF PREPARATION (CONT'D)**

6.3 The above accounting standard(s) and/or interpretation(s) (including the consequential amendments) are not relevant to SGSB, Concord, SMSB, RNSB and SDSDSB operations except as follows:-

- (i) FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. There will be no financial impact on the financial statements of the Company upon its initial application but may impact its future disclosures.
- (ii) Amendments to FRS 10 & FRS 128 (2011): Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The possible impact is not disclosed as the amendments are to be applied prospectively to future events which is currently undeterminable.
- (iii) The amendments to FRS 10, FRS 12 and FRS 128 (2011) allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.
- (iv) Annual Improvements to FRSs 2010 - 2012 Cycle. Generally there will be no impact on the financial statements except for the amendments to FRS 116 which will only affect the amount of accumulated depreciation of future revaluations.
- (v) Annual Improvements to FRSs 2011 - 2013 Cycle. Generally there will be no impact on the financial statements.
- (vi) Annual Improvements to FRSs 2012 - 2014 Cycle. Generally there will be no impact on the financial statements.

6.4 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Company has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Company is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**


7. SIGNIFICANT ACCOUNTING POLICIES
7.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(v) Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(vi) Property Development

The Company recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Company evaluates based on past experience and by relying on the work of specialists.

(vii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

7.2 FUNCTIONAL AND FOREIGN CURRENCIES**(a) Functional and Presentation Currency**

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.3 FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.3 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)****(iv) Available-for-sale Financial Assets**

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.4 INVESTMENTS IN ASSOCIATES**

An associate is an entity in which the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2014. The Company's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Company, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Company's interest in the associate is carried in the consolidated statement of financial position at cost plus the Company's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation.

Unrealised gains on transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Company ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Company also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Company will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**


7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
7.5 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures

A joint venture is a joint arrangement whereby the Company has rights only to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the joint venture made up to 31 December 2014. The Company's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Company, up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Company's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Company's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Company's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation.

Unrealised gains on transactions between the Company and the joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Company discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Company retains an interest in the former joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Company also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Company will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.6 EQUIPMENT**

Equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Office equipment, furniture and fittings	20%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.7 IMPAIRMENT****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.8 PROPERTY DEVELOPMENT COSTS**

Current property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in the statement of comprehensive income are determined by reference to the stage of completion of development activity at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

7.9 PROGRESS BILLINGS/ACCRUED BILLINGS

In respect of progress billings:-

- (i) where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and
- (ii) where billings to purchasers exceed the revenue recognised to profit or loss, the balance is shown as progress billings under current liabilities.

7.10 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

**ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES
(Cont'd)**

**7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****7.10 INCOME TAXES (CONT'D)**

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

7.11 REDEEMABLE PREFERENCE SHARES

Preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary. Dividends on preference shares are recognised as distributions within equity.

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued. The dividends or the returns of the RPS which represent the finance cost of the instruments are reported as an expense.

If an entity does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability.

7.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

ACCOUNTANTS' REPORT BY REPORTING ACCOUNTANTS ON THE IDENTIFIED COMPANIES (Cont'd)


7. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
7.13 EMPLOYEE BENEFITS
(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

(b) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

7.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) Has control or joint control over the reporting entity;
 - (ii) Has significant influence over the reporting entity; or
 - (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.