



SUNSURIA BERHAD
Registration No.: 196801000641 (8235K)

JOINT VENTURE BETWEEN SUNSURIA BERHAD AND IAT AUTOMOBILE TECHNOLOGY CO., LTD.

1. INTRODUCTION

The Board of Directors of Sunsuria (“Board”) wishes to announce that Sunsuria Berhad (“the Company” or “Sunsuria”) had on 11 June 2021 entered into a Shareholders Agreement (the “Agreement”) with IAT Automobile Technology Co., Ltd. (“IAT”) to establish a private company limited by shares in Malaysia as the vehicle (“SPV”) through which the Company and IAT shall undertake and engage in the automobile related business and/or other related businesses (“the Joint Venture”). The Parties have agreed to regulate their relationship as shareholders of the SPV as set out in the Agreement and have agreed that their respective rights and obligations as Shareholders shall be governed by the terms and conditions of the Agreement and the Constitution of the SPV.

Each of the Parties hereto shall individually be referred to as the “Party” and collectively as the “Parties”.

2. THE JOINT VENTURE

2.1 Information on Sunsuria and IAT

i) Sunsuria

Sunsuria is a public company incorporated in Malaysia under the Companies Act 2016, listed on Bursa Malaysia Securities Berhad. As at the date of this announcement, the issued share capital of Sunsuria is 895,917,302 ordinary shares. The principal business activities of Sunsuria are investment holding and provision of management services.

ii) IAT

IAT (United Social Credit No. 91110302662152417W) is a company duly incorporated and existing under the law of the People’s Republic of China, having its registered address at Room 215, Building 6, Jinghai 4th Road, Beijing Economic and Technological Development Area, Beijing and is listed on Shenzhen Stock Exchange in P.R. China on 27 March 2020.

IAT is China’s largest independent car design company having RMB306 million registered capital.

2.2 Salient terms of the Agreement

2.2.1 General

- i) The purpose of the joint venture is to engage in automobile related business and/or such other activities that are similar to, complementary to, or ancillary to, the foregoing, and such other businesses as may be agreed by the shareholders through the SPV.
- ii) As soon as practicable after the execution of the Agreement, Sunsuria and IAT shall incorporate a private company limited by shares in Malaysia as a Special Purpose Vehicle (“SPV”) to be known as the name to be agreed by the Parties and approved by the Companies Commission of Malaysia (“Proposed Incorporation”) with an initial issued capital of 100 ordinary shares at issue price of RM1.00 each to be subscribed by the

Company and IAT (“Subscribers’ Subscription”) in the following proportions (“Agreed Proportions”), subject to the terms and conditions of the Agreement:

Shareholders	Capital Structure of the SPV	
	No. of shares	% shareholding
Sunsuria	51	51%
IAT	49	49%
Total:	100	100%

and the shareholders’ shareholding in the SPV shall at all times be in the Agreed Proportions, unless otherwise agreed in writing between the Parties.

- iii) Subsequent to the Subscribers’ Subscription, the Parties shall further subscribe new ordinary shares at the issue price of RM1.00 each, abide to the Agreed Proportion (“the Second Subscription”), as follows:

Shareholders	Capital Structure of the SPV			
	Subscribers’ Subscription (No. of shares)	Second Subscription (No. of shares)	Total Subscription (No. of shares)	Shareholding
Sunsuria	51	152,949	153,000	51%
IAT	49	146,951	147,000	49%
Total:	100	299,900	300,000	100%

- iv) The Board of the SPV shall comprise up to five (5) natural persons of whom three (3) shall be appointed by Sunsuria, whereas two (2) shall be appointed by IAT. The Chairman of the Board and the managing director shall be elected by the Shareholders.

2.2.2 Financial Requirement

- i) The Parties mutually agree that the SPV shall use its best efforts to raise all the necessary funding required for the purpose of the SPV’s operation and to achieve its business objectives as and when required.
- ii) It is agreed that the financial requirements of the SPV can be met in either of the following manner based on the recommendations to be approved by the Board of the SPV:
- borrowings from third parties (including banks and financial institutions) secured by assets and properties of the SPV;
 - by way of shareholder’s advance in the Agreed Proportions; or
 - the issuance of preference shares by the SPV and subscribed by the Parties in the Agreed Proportions.
- iii) Save as otherwise provided in the Agreement, the Parties shall not be required to provide any form of financial assistance or security or credit support (including the furnishing of any guarantee) for the SPV unless otherwise mutually agreed upon.
- iv) If a guarantee is required to be given by the Parties in relation to any financial assistance required, then the liability of the Shareholders arising from any guarantee shall be several (and not joint) and in accordance with their respective equity shareholdings in the SPV.

2.2.3 Termination

The Agreement shall become effective upon its execution by all Parties and shall continue in full force and effect for an indefinite period until the earlier of the following events:

- i) the Shareholders agree in writing to terminate the Agreement; or
- ii) all of the shares become beneficially owned by any one of the Shareholder; or
- iii) the SPV goes into liquidation whether voluntary or compulsory (other than for the purpose of an amalgamation or reconstruction approved by all the Shareholders).

2.2.4 Default

A Party (“Defaulting Shareholder”) shall be in default under the Agreement, if any of the following events (or in the case of (i), (ii) and (iii) their equivalent in any jurisdiction) shall have occurred:

- i) the Defaulting Shareholder presents a petition or has a petition presented by a creditor for its winding up that is not withdrawn within 2 months;
- ii) the Defaulting Shareholder convenes a meeting to pass a resolution for its voluntary winding up (otherwise than a bona fide solvent reconstruction or amalgamation in which all obligations under the Agreement are assumed by a successor corporation);
- iii) the Defaulting Shareholder calls a meeting of its creditors or has a receiver or administrator appointed over all or substantially all of its undertaking or assets and such receiver or administrator is not discharged within 2 months as of his appointment; or
- iv) the Defaulting Shareholder materially breaches its obligations enough to affect the SPV’s normal operations under the Agreement and, if such breach is capable of remedy, fails to remedy the breach within 20 Business Days of being specifically required in writing to do so by the non-defaulting Shareholder.

2.3 **Source of funding**

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

3. **RATIONALE**

The Joint Venture is part of Sunsuria Group’s pursuit to enhance the value chain and vibrancy of its development project, i.e. Sunsuria City located at Sepang Selangor, it also aims to promote the development to be a global commercial hub for multinational corporations as their ASEAN Automotive Design and Innovation Centre is planned to be located at Sunsuria City.

4. **RISK FACTORS**

The capital outlay to carry out Automotive Innovation & Design Services through the Joint Venture may require high capital outlay when the SPV secured a sizeable project, thus, Sunsuria Group will be exposed to certain risks inherent to the Automotive industry activities which include, amongst others, economic downturn globally and regionally, occurrence of force majeure events including but not limited to decrees or restraints by government authorities, act of God, strikes, war, riot, civil unrest, pandemic and any other causes of such nature.

Nevertheless, Sunsuria Group sought to mitigate these risks through venturing onto the business with a joint-venture partner who is recognised for their professionalism, success and proven track records to diligently monitor the trends, market demands, issues and industry practices that arises as well as careful planning and proactively and closely overseeing the business.

5. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

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

The Joint Venture is not expected to have any material effect on the earnings, earnings per share, net assets and gearing of Sunsuria for the financial year ending 30 September 2021.

6. APPROVALS REQUIRED

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

7. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the subscriptions of shares in the SPV by Sunsuria and IAT based on the Agreed Proportions is expected to be completed by the first quarter of financial year ending 30 September 2022.

8. HIGHEST PERCENTAGE RATIO

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

9. DIRECTORS' STATEMENT

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

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

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

11. DOCUMENTS FOR INSPECTION

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

This announcement is dated 11 June 2021.