SUNSURIA BERHAD ("SUNSURIA" OR "COMPANY")

DISPOSAL OF THE ENTIRE EQUITY INTEREST OF MAICADOR SDN BHD

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1. INTRODUCTION

The Board of Directors of Sunsuria ("**Board**") wishes to announce that Maica Wood Industries Sdn Bhd ("**MWISB**" or the "**Vendor**"), a 99.78%-owned subsidiary company of Sunsuria, has on 31 March 2016, entered into and completed a shares sale and purchase agreement ("**SSPA**") with Low Fatt Wood Industries Sdn Bhd ("**LFWISB**") and Dato' Low Kian Chuan ("**DLKC**") (collectively referred as the "**Purchasers**"), for the disposal by MWISB of its entire 100% equity interest comprising 2,000,000 ordinary shares of RM1.00 each fully paid-up in Maicador Sdn Bhd ("**Maicador**") ("**Sale Shares**") to the Purchasers for a cash consideration of RM3,210,000 ("**Purchase Price**") ("**Shares Disposal**").

Upon completion of the Shares Disposal, Maicador ceased to be the indirect subsidiary of Sunsuria.

2. DETAILS OF THE SHARES DISPOSAL

2.1 Background information of Maicador

Maicador is a private limited company incorporated in Malaysia on 6 July 1976 under the Companies Act, 1965 ("**Act**"). As at the date of this announcement, Maicador has an authorised share capital of RM5,000,000 divided into 4,800,000 ordinary shares of RM1.00 each and 20,000,000 preference shares of RM0.01 each, and has an issued and fully paid-up share capital of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

Maicador is principally involved in the manufacturing of prefabricated doors and door frames. Based on the audited financial statements of Maicador for the financial period ended 30 September 2015, the net profits of Maicador was RM1.53 million and its net assets as at 30 September 2015 amounted to RM7.19 million.

Subsequent to the financial period ended 30 September 2015, Maicador undertook the following transactions:

(i) Declaration of an interim dividend of RM1.43 million in October 2015 ("**Dividends**");
(ii) Redemption of 5.82 million redeemable non-convertible non-cumulative preference shares of RM0.01 each in Maicador ("**RPS**") held by Sunsuria at RM1.00 per RPS in October 2015 for RM5.82 million ("**RPS Redemption**"). After the RPS Redemption, all the RPS previously issued by Maicador to Sunsuria had been fully redeemed; and
(iii) Disposal of leasehold land and buildings ("**Properties**") to Sunsuria (the ultimate holding company of Maicador) for the total cash disposal consideration of RM5.65 million in February 2016. The beneficial interest of the said Properties has been completed on 29 February 2016 pending legal registered transfer of the said Properties.

(collectively, items (i), (ii) and (iii) above are referred to as the "**Internal Reorganisation**")

Arising from the Internal Reorganisation, the net assets of Maicador has been adjusted from RM7.19 million to RM3.65 million as at the date of this announcement. The Internal Reorganisation was implemented as the Purchasers is only interested for the business of Maicador pursuant to the Shares Disposal. Upon completion of the Shares Disposal, Sunsuria will enter into a tenancy agreement with Maicador for the tenancy of the Properties for recurrent monthly rental income of RM30,000.

The original cost of investment for the Sale Shares was RM4,600,000 made on 6 October 1988. However, the carrying amount of investment in Maicador is RM1 as at the date of this announcement.

2.2 Information on the Purchasers

LFWISB was incorporated in Malaysia as a private limited company under the Act on 1 April 1986. As at the date of this announcement, LFWISB has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each, and issued and fully paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The principal activity of LFWISB is manufacturing and marketing of timber products.

DLKC, a Malaysian aged 55, is the major shareholder of LFWISB.

2.3 Salient terms of the SSPA

The salient terms of the SSPA include, among others, the following:

(i) Sale of the Sale Shares

The Vendor as the registered and beneficial owner agrees to sell the Sale Shares and the Purchasers agree to purchase and accept the transfer from the Vendor, the Sale Shares, which 80% of the Sale Shares to LFWISB and 20% of the Sale Shares to DLKC respectively, free from all charges, liens, security interests and encumbrances whatsoever, together with all rights attached or attaching thereto or accrued or accruing thereon as from the date of the SSPA for the Purchase Price.

(ii) Payment of the Purchase Price

The purchase considerations for the Sale Shares shall be made by the Purchasers in the following manner:

a. upon execution of the SSPA, a sum of RM1,930,000 only to be made by the Purchasers to the Vendor on the Completion Date (as defined herein) ("**First Instalment Payment**"); and

b. the balance sum of RM1,280,000 only to be made by the Purchasers to the Vendor on or before 1 September 2016 ("**Second Instalment Payment**") together with a deferred payment interest of 6% per annum on the Second Instalment Payment calculated from the Completion Date (as defined herein) to the date of the full settlement of the Second Instalment Payment ("**Deferred Interest**").

(iii) Completion

Upon the execution of the SSPA, and the payment by the Purchasers to the Vendor of the First Instalment Payment, the sale and purchase of the Sale Shares is deemed completed ("**Completion Date**"). The Second Instalment Payment shall remain as a debt due and owing to the Vendor to be paid in the manner set out in clause 2.3(ii)(b) above.

(iv) Performance Security

In the event the Purchasers fail to make payment of the Second Instalment Payment together with the Deferred Interest or any part thereof on or before 1 September 2016, the Vendor shall be entitled to (i) instruct the stakeholder who is expressly authorised to release the pre-executed shares transfer instruments to the Vendor and the Vendor shall be entitled to dispose of the Sale Shares to any party including but not limited to the Vendor itself or its related corporation, subsidiaries or affiliates. For the purpose of disposing the Sale Shares, the parties hereby expressly agree that the value to be ascribed to the Sale Shares for the purpose of the disposal shall be a sum equivalent to the Second Instalment Payment together with the Deferred Interest; or (ii) specific performance of the SSPA without prejudice to any other rights or remedies the Vendor may be entitled to under any applicable laws.

2.4 Basis of arriving at the Purchase Price

The Purchase Price was arrived at on a willing-buyer willing-seller basis, after taking into consideration, among others, the following:

(i) the adjusted net tangible asset value of Maicador of RM3.65 million comprising of all inventory stocks and machineries own by Maicador derived in accordance with the balance sheet as of 30 September 2015;

(ii) the Internal Reorganisation which enable Sunsuria to retain the Properties as investment;

(iii) the recurrent rental income of RM30,000 per month to be collected by Sunsuria arising from the tenancy agreement to be entered into between Sunsuria and Maicador; and

(iv) the total cash consideration of approximately RM10.46 million unlocked by Sunsuria pursuant to the Shares Disposal upon taking into account the Internal Reorganisation represents a price-to-earnings multiple of 6.84 times based on the net profits for Maicador of RM1.53 million for the financial period ended 30 September 2015.

2.5 Utilisation of proceeds from the Shares Disposal

The proceeds arising from the Shares Disposal shall be utilised for the working capital of Sunsuria and its subsidiary companies ("**Sunsuria Group**" or "**Group**") within the current financial year ending 30 September 2016.

2.6 Liabilities to be assumed by the Purchasers

There is no liability to be assumed, including any contingent liability and guarantee to be assumed, by the Purchasers pursuant to the Shares Disposal.

3. RATIONALES

The Shares Disposal enables Sunsuria Group to unlock its non-core investments in Maicador (which mainly involved in manufacturing and trading services) and streamline its operations and to focus on the core business of property development. In additional, the Internal Reorganisation enables Sunsuria to monetise cash for the Group's working capital and land and buildings in Maicador as well as enables Sunsuria to retain the Properties for generating recurrent income for the Group. The said recurrent rental income of RM30,000 per month reflecting a yield of approximately 6.37% over the acquisition price of RM5.65 million for the Properties.

4. RISK FACTORS

The Board is not aware of any risks arising from the Shares Disposal.

5. EFFECTS OF THE SHARES DISPOSAL

5.1 Share capital and substantial shareholders' shareholding

The Shares Disposal does not have any effect on the share capital and the substantial shareholders' shareholding of Sunsuria.

5.2 Earnings, earnings per share and net assets per share

The Shares Disposal is expected to generate a net gain of approximately RM2.97 million for Sunsuria Group. The Shares Disposal and Internal Reorganisation are expected to monetise RM10.46 million cash for working capital for the Group. The estimated net gain of RM2.97 million represents an increase in earnings per share and net assets per share of the

Group of approximately 0.40 sen for the financial year ending 30 September 2016, based on the current issued and paid-up share capital of 735,486,704 ordinary shares of RM0.50 each of Sunsuria as at the date of this announcement.

5.3 Gearing

The Shares Disposal does not have any material effect on the Group's gearing.

6. APPROVALS REQUIRED

The Shares Disposal is not subject to the approval of the shareholders of the Company or any governmental authorities.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the directors and/or major shareholders of the Group and/or persons connected to them have any interest, direct or indirect, in the Shares Disposal.

8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Shares Disposal, is of the opinion that the Shares Disposal is in the best interest of the Group.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Shares Disposal pursuant to Paragraph 10.02(g) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements is approximately 10.09% based on the latest audited financial statements of the Group for the financial period ended 30 September 2015.

10. ADVISER

Astramina Advisory Sdn Bhd is the appointed Financial Adviser for Sunsuria for the Shares Disposal.

11. TIME FRAME FOR COMPLETION

The Shares Disposal is completed on 31 March 2016 in accordance with the terms of the SSPA.

12. DOCUMENTS FOR INSPECTION

The SSPA is available for inspection by the shareholders of Sunsuria at the registered office of Sunsuria at Level 8 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 31 March 2016.