SUNSURIA BERHAD ("SUNSURIA" OR THE "COMPANY")

(I) PROPOSED SFSB SUBSCRIPTION;

(II) PROPOSED ISSUANCE OF SHARES; AND

(III) PROPOSED ESOS.

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1. INTRODUCTION

On behalf of the board of directors of Sunsuria ("**Board**"), Inter-Pacific Securities Sdn. Bhd. ("**IPS**") and Astramina Advisory Sdn. Bhd. ("**Astramina**") wish to announce that the Company proposes to undertake the following:

(i) proposed subscription of 2,550,000 new ordinary shares in Sunsuria Forum Sdn. Bhd., a 51% owned subsidiary of Sunsuria ("**SFSB**") ("**SFSB Share(s)**"), in relation to the proposed rights issue by SFSB of 5,000,000 new SFSB Shares on the basis of twenty (20) new SFSB Shares for every one (1) existing SFSB Share ("**SFSB Rights Share(s)**") held at an issue price of RM17.40 per SFSB Rights Share ("**Proposed SFSB Subscription**");

(ii) proposed allotment and issuance of 65,083,000 new ordinary shares in Sunsuria ("**Sunsuria Share(s)**") ("**Issuance Share(s)**") to Ter Capital Sdn. Bhd. ("**TCSB**") at an issue price of RM0.655 per Issuance Share for a total cash consideration of RM42,629,365 ("**Proposed Issuance of Shares**"); and

(iii) proposed establishment of an employees' share option scheme ("**ESOS**") of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time to be granted to the eligible directors and employees of Sunsuria and its subsidiaries (excluding subsidiary companies which are dormant) ("**Proposed ESOS**").

(collectively referred to as the "**Proposals**".)

Details of the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed SFSB Subscription

SFSB has proposed to declare a special dividend amounting to RM87.0 million to its shareholders whereby Sunsuria, which holds a 51% equity interest in SFSB, will receive an amount of RM44.37 million and Sunsuria Development Sdn. Bhd. ("**SDSB**"), the only other remaining shareholder, which holds 49% equity interest in SFSB will receive an amount of RM42.63 million in respect of their respective entitlements in accordance with their shareholdings in SFSB ("**Proposed SFSB Dividend**").

On 28 February 2019, SFSB had proposed to implement a rights issue of 5,000,000 new SFSB Shares on the basis of twenty (20) new SFSB Rights Shares for every one (1) existing SFSB Share held at an issue price of RM17.40 per SFSB Rights Share to its two (2) shareholders namely, Sunsuria and SDSB ("**Proposed SFSB Rights Issue**").

Sunsuria intends to subscribe for its entitlement of 2,550,000 SFSB Rights Shares. SDSB, on the other hand, does not intend to subscribe for its entitlement of 2,450,000 SFSB Rights Shares.

The Proposed SFSB Subscription will result in Sunsuria increasing its equity interest in SFSB from 51% to approximately 95.63% following the subscription of 2,550,000 SFSB Rights Shares at an issue price of RM17.40 per SFSB Rights Share pursuant to the Proposed SFSB Rights Issue subsequent to the declaration of the special dividend of approximately RM87.0 million by SFSB pursuant to the Proposed SFSB Dividend to its shareholders, namely SDSB and Sunsuria.

Both the Proposed SFSB Rights Issue and Proposed SFSB Dividend are subject to the approval of the financier of SFSB in accordance with the terms of the financing arrangements or other facilities granted to SFSB.

2.1.1 Background Information on SFSB

SFSB (Company no. 768923-X) is a private limited company incorporated in Malaysia on 10 April 2007 under the Companies Act 1965 under the name, Sunsuria (MM2H) Sdn. Bhd. and is deemed registered under the Companies Act 2016 ("**Act**"). It assumed its present name on 7 October 2015. SFSB is principally involved in property development and its wholly-owned subsidiary, Greenworth Sdn. Bhd. is principally involved in investment in car parks.

As at 22 February 2019, being the latest practicable date ("**LPD**") prior to this announcement, the issued share capital of SFSB is RM250,000 comprising 250,000 SFSB Shares.

As at the LPD, the shareholders of SFSB and their respective shareholdings in SFSB are as follows:

Name of shareholders	**Direct**		**Indirect**	
	No. of SFSB Shares held	**%**	**No. of SFSB Shares held**	**%**
Sunsuria	127,500	51	-	-
SDSB	122,500	49	-	-
Tan Sri Datuk Ter Leong Yap ("**Tan Sri Datuk Ter**")	-	-	250,000[(i)]	100[(i)]

Note:

(i) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Sunsuria and SDSB.

As at the LPD, the directors of SFSB and their respective shareholdings in SFSB are as follows:

Name of directors	**Direct**		**Indirect**	
	No. of SFSB Shares held	**%**	**No. of SFSB Shares held**	**%**
Tan Sri Datuk Ter	-	-	250,000[(i)]	100[(i)]
Koong Wai Seng	-	-	-	-
Ter Leong Ping	-	-	-	-
Lee Swee Kheng	-	-	-	-

Note:

(i) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Sunsuria and SDSB.

Please refer to Appendix I of this announcement for further details on SFSB.

2.1.2 Basis of determining and justification for the issue price of the SFSB Rights Shares

The issue price of RM17.40 per SFSB Rights Share was determined and arrived at by the board of directors of SFSB after taking into consideration, amongst others, the following:

(i) the audited net assets ("**NA**") of SFSB as at 30 September 2018 of RM87.60 million;

(ii) the Proposed SFSB Dividend of RM87.00 million to be paid by SFSB to its shareholders; and

(iii) the future earnings and prospects of The Forum 2 property development project by SFSB.

2.1.3 Ranking of the SFSB Rights Shares

The SFSB Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing SFSB Shares, save and except that the SFSB Rights Shares shall not be entitled to any dividends, rights, allotments and/or distributions, which may be declared, made or paid to the shareholders of SFSB, the entitlement date of which is prior to the date of allotment of the SFSB Rights Shares.

2.1.4 Source of funding

The Proposed SFSB Subscription shall be funded via Sunsuria's entitlement to the proceeds from the Proposed SFSB Dividend.

2.1.5 Liabilities to be assumed

There are no liabilities to be assumed by the Company arising from the Proposed SFSB Subscription.

2.1.6 Estimated additional financial commitment

There is no other additional financial commitment required by Sunsuria arising from the Proposed SFSB Subscription.

2.1.7 Utilisation of proceeds

The proceeds of RM44.37 million received by SFSB in relation to the Proposed SFSB Subscription are intended to be utilised for SFSB's The Forum 2 property development project of which the details are as set out in Section 3.1 of this announcement and Section 1 of Appendix I of this announcement.

2.2 Details of the Proposed Issuance of Shares

The Proposed Issuance of Shares entails the allotment and issuance of 65,083,000 Issuance Shares to TCSB at an issue price of RM0.655 per Issuance Share to be satisfied by way of cash.

On 28 February 2019, TCSB ("**Subscriber**") had entered into a subscription agreement with Sunsuria to subscribe for 65,083,000 Issuance Shares at an issue price of RM0.655 each ("**Subscription Agreement**").

The salient terms of the Subscription Agreement are set out in Appendix II.

The Issuance Shares represent approximately 7.53% of Sunsuria's enlarged issued share capital of Sunsuria after completion of the Proposed Issuance of Shares. Pursuant to the Proposed Issuance of Shares, Sunsuria will be able to raise total gross proceeds of approximately RM42.63 million which will be utilised mainly for the working capital of Sunsuria and its subsidiaries ("**Sunsuria Group"** or the "**Group**"). Please refer to Section 2.2.5 of this announcement for the details of the utilisation of the proceeds from the Proposed Issuance of Shares.

2.2.1 Background information on TCSB

TCSB (Company no. 1087641- X) was incorporated in Malaysia under the Companies Act, 1965 on 4 April 2014 and is deemed registered under the Act.

The principal activity of TCSB is investment holding.

As at the LPD, the issued share capital of TCSB is RM100 comprising 100 ordinary shares ("**TCSB Shares**").

As at the LPD, the shareholders of TCSB and their respective shareholdings in TCSB are as follows:

	Direct		Indirect	
Name of shareholders	**No. of TCSB Shares held**	**%**	**No. of TCSB Shares held**	**%**
Tan Sri Datuk Ter	99	99	-	-
Puan Sri Datin Kwan May Yuen	1	1	-	-
Total	**100**	**100**	**-**	**-**

As at the LPD, the directors of TCSB and their respective shareholdings in TCSB are as follows:

	Direct		Indirect	
Name of directors	**No. of TCSB Shares held**	**%**	**No. of TCSB Shares held**	**%**
Tan Sri Datuk Ter	99	99	-	-
Puan Sri Datin Kwan May Yuen	1	1	-	-
Ter Shin Nie	-	-	-	-

Puan Sri Datin Kwan May Yuen is the spouse of Tan Sri Datuk Ter.

Ter Shin Nie is the daughter of both Tan Sri Datuk Ter and Puan Sri Datin Kwan May Yuen.

As at the LPD, TCSB does not have any subsidiary or associate companies.

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2.2.2 Basis of determining and justification for the issue price of the Issuance Shares

The issue price of RM0.655 per Issuance Share was determined based on the 5-day volume-weighted average market price ("**VWAP**") of Sunsuria Shares of RM0.653 up to and including 27 February 2019, being the last trading date prior to the price-fixing date for the Issuance Shares and the signing of the Subscription Agreement.

The issue price of the Issuance Shares of RM0.655 each represents a premium/(discount) based on the following historical market prices of Sunsuria Shares:

	Sunsuria Share price	Premium/(Discount)	
	RM	RM	%
Closing price of Sunsuria Shares up to 27 February 2019	0.6350	0.0200	3.15
5-day VWAP Sunsuria Shares up to 27 February 2019	0.6530	0.0020	0.31
1-month VWAP Sunsuria Shares up to 27 February 2019	0.6377	0.0173	2.71
3-month VWAP Sunsuria Shares up to 27 February 2019	0.6178	0.0372	6.02
6-month VWAP Sunsuria Shares up to 27 February 2019	0.6681	(0.0131)	(1.96)
12-month VWAP Sunsuria Shares up to 27 February 2019	0.8362	(0.1812)	(21.67)

For information purposes, the issue price of the Issuance Shares represents a premium of RM0.002 or 0.31% to the 5-day VWAP of Sunsuria Shares up to 27 February 2019 of RM0.653, being the last trading day prior to the announcement of the Proposals.

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The issue price of the Issuance Shares represents the following price-to-book ratio ("**PBR**"):

	NA per Sunsuria Share	**PBR based on issue price of Issuance Share**	**Range of PBR of comparable companies [(i)]**
	RM	**times**	**times**
Audited NA per Sunsuria Share as at 30 September 2018	1.09	0.60	0.284 to 0.768

Note:

(i) Extracted from Bloomberg as at the LPD and the latest annual reports of comparable companies of Sunsuria. The comparable companies of Sunsuria are Dutaland Berhad, Titijaya Land Berhad, Tambun Indah Land Berhad, YTL Land & Development Berhad, Oriental Interest Berhad, Magna Prima Berhad, Glomac Berhad, SHL Consolidated Berhad and Iskandar Waterfront City Berhad. The market capitalisations of these companies are relatively similar to Sunsuria of between RM300.0 million and RM550.0 million. They are principally involved in property development, with their property development business contributing more than 90% to their respective revenue.

The issue price of the Issuance Shares represents a PBR of 0.60 times based on the audited NA per Sunsuria Share as at financial year ended ("**FYE**") 30 September 2018 which is comparable to the range of PBR of Sunsuria's comparable companies of 0.284 to 0.768 times.

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2.2.3 Ranking of the Issuance Shares

The Issuance Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Sunsuria Shares, save and except that the Issuance Shares shall not be entitled to any dividends, rights, allotments and/or distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Issuance Shares.

2.2.4 Listing of and quotation for the Issuance Shares to be issued pursuant to the Proposed Issuance of Shares

An application will be made to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Issuance Shares to be issued pursuant to the Proposed Issuance of Shares on the Main Market of Bursa Securities.

2.2.5 Utilisation of proceeds

The Proposed Issuance of Shares will raise total gross proceeds of RM42,629,365 and will be utilised by Sunsuria in the following manner:

	Notes	RM'million	Expected time frame for utilisation of proceeds (from the date of listing of the Issuance Shares)
Working capital	(i)	42.17	12 months
Estimated expenses of the Proposals	(ii)	0.46	3 months
Total estimated proceeds		**42.63**	

Notes:

(i) The proceeds are mainly intended to be utilised for Sunsuria Group's on-going The Forum 2 property development project. Please refer to Section 3.1 of this announcement and Section 1 of Appendix I of this announcement for further details on The Forum 2 property development project.

*(ii) The estimated expenses for the Proposals are inclusive of advisory and professional fees, fees payable to the relevant authorities, printing of circulars, advertisement, extraordinary general meeting ("**EGM**") expenses and other incidental expenses in relation to the Proposals. Any deviation in the actual amount of expenses for the Proposals will be adjusted proportionately to/from the working capital of Sunsuria Group.*

Pending full utilisation of the proceeds raised from the Proposed Issuance of Shares, the Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as working capital of the Sunsuria Group.

2.2.6 Implication of the Rules On Take-Overs, Mergers And Compulsory Acquisitions

The Proposed Issuance of Shares will not give rise to any consequences relating to a mandatory general offer obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions.

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2.2.7 Public shareholding spread requirement

Pursuant to Paragraphs 3.06 and 8.02(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities, Sunsuria must ensure that at least 25% of the total listed Sunsuria Shares are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Sunsuria Shares each.

For information purpose, as at the LPD, the public shareholding spread of Sunsuria is 29.59% which consists of 2,829 public shareholders holding not less than 100 Sunsuria Shares each with an aggregate holding of 236,366,635 Sunsuria Shares.

Under the Minimum Scenario (as defined in Section 6 of this announcement), upon completion of the Proposed Issuance of Shares, the public shareholding spread will decrease to 27.36%. Under the Maximum Scenario (as defined in Section 6 of this announcement), upon completion of the Proposed Issuance of Shares, the public shareholding spread will decrease to 27.67%.

Hence, the public shareholding spread of Sunsuria is not expected to fall below 25% of the enlarged issued share capital of Sunsuria after the completion of the Proposed Issuance of Shares.

2.3 Details of the Proposed ESOS

The Proposed ESOS will involve the granting of options to subscribe for new Sunsuria Shares at a pre-determined price ("**ESOS Option(s)**"), in accordance with the by-laws governing the Proposed ESOS ("**By-Laws**").

The ESOS Options will be offered to all the eligible employees, executive directors and non-executive directors of Sunsuria Group (excluding dormant subsidiaries) who meets the criteria of eligibility for participation in the Proposed ESOS in the manner as indicated in the By-Laws ("**Eligible Person(s)**"). The Proposed ESOS will be administered by an ESOS committee to be duly appointed and authorised by the Board ("**ESOS Committee**").

2.3.1 Indicative salient terms of the Proposed ESOS

The salient terms of the Proposed ESOS are as follows:

(i) Maximum number of new Sunsuria Shares available under the Proposed ESOS

The maximum number of new Sunsuria Shares which may be allotted and issued pursuant to the exercise of the ESOS Options that may be granted under the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued Sunsuria Shares of the Company (excluding treasury shares) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws.

(ii) Basis of allotment and maximum entitlement

Subject to any adjustments which may be made under the By-Laws, the number of new Sunsuria Shares to be allocated to an Eligible Person at any time in each offer made under the ESOS will be at the sole discretion of the ESOS Committee after taking into consideration the Eligible Person's designation, length of service, work performance and/or such other factors as the ESOS Committee may in its sole discretion deem fit, subject to the following conditions:

(a) the total number of Sunsuria Shares made available under the ESOS shall not exceed the amount stipulated in the By-Laws;

(b) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of Sunsuria Shares made available under the ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued Sunsuria Shares (excluding treasury shares);

(c) not more than 50% of the total number of Sunsuria Shares to be issued under the ESOS would be allocated, in aggregate, to the directors and senior management of the Group who are Eligible Persons (where "**senior management**" shall be subject to any criteria as may be determined at the sole discretion of the ESOS Committee from time to time); and

(d) the directors and senior management of the Group do not participate in the deliberation or discussion of their respective allocation,

Notwithstanding anything set out in the By-Laws and subject to the MMLR, no ESOS Options may be granted to any person who is a director, a major shareholder or chief executive of the Company, or a person connected with such director, major shareholder or chief executive of the Company, unless the specific ESOS Options and the related allotment and issuance of Sunsuria Shares pursuant to the Proposed ESOS, to that person shall have been approved by the shareholders of Sunsuria in a general meeting.

(iii) Eligibility to participate in the Proposed ESOS

Subject to the sole discretion of the ESOS Committee, only the Eligible Persons who fulfil the following conditions will be eligible to participate in the Proposed ESOS:

(a) in respect of an employee of the Company, the employee must fulfil the following criteria as at the date of offer:

    (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

    (ii) a permanent employee, who has been confirmed and served for at least continuous period of one (1) year or a contract employee who has served for at least a period of one (1) year on a cumulative basis under the current and/or previous contract; and

    (iii) has fulfilled any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time; and

(b) in respect of a director of the Group, the director must fulfil the following criteria as at the date of offer:

    (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

    (ii) has been appointed as a director of the Company or any company in the Group for a minimum period of one (1) year before the date of offer; and

    (iii) has fulfilled any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time,

provided always that the selection of any director or employee for participation in the Proposed ESOS shall be at the sole discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

The determination of eligibility and allocation will be performed by the ESOS Committee at the point of granting of the ESOS Options. The ESOS Committee may take into account amongst other factors, the work performance, designation and/or length of service to the relevant company within the Sunsuria Group, and/or such other factors that the ESOS Committee may in its sole discretion deem fit.

The directors, major shareholders or the chief executive of the Company (as defined under the MMLR) or its holding company (if any) or persons connected to any of them shall not be eligible to participate in the Proposed ESOS unless their entitlements under the Proposed ESOS have been approved by the shareholders of the Company in a general meeting prior to the specific allocation of the ESOS Options by the ESOS Committee to any of them and they shall not participate in the deliberation and discussion of their own participation and/or allocation.

(iv) Duration of the Proposed ESOS

Subject to the By-Laws, the Proposed ESOS shall be effective from the date of Sunsuria's full compliance with all relevant requirements of the MMLR ("**Effective Date**"), including the following:

(a) submission of the final copy of the By-Laws together with a letter of compliance to Bursa Securities pursuant to Paragraph 2.12 of the MMLR and a checklist showing compliance with Appendix 6E of the MMLR;

(b) receipt of approval from Bursa Securities for the listing of and quotation for the new Sunsuria Shares to be issued pursuant to the exercise of ESOS Options granted under the Proposed ESOS;

(c) procurement of the approval of the shareholders of the Company for the Proposed ESOS at an EGM;

(d) receipt of the approval of any other relevant authorities for the Proposed ESOS, if applicable; and

(e) fulfilment of all conditions attached to the above approvals, if any.

The Proposed ESOS will be in force for a duration of five (5) years from the Effective Date. Upon recommendation of the ESOS Committee and if the Board deems fit and in the best interest of the Company, the Proposed ESOS may be extended for a period of up to a maximum of five (5) years from the day after the expiry date of the original five (5) years period. Such extended Proposed ESOS shall be implemented in accordance with the terms of the By-Laws, except for any amendment and/or change to the relevant statutes and/or regulations. There are no further approvals required by the relevant authorities and the Company shall serve appropriate notices to each grantee ("**Grantee(s)**") and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within thirty (30) days before the date of expiry or such other period as may be stipulated by Bursa Securities. The approval from the shareholders of the Company is not required for such extension.

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(v) Option Price

Subject to any adjustments in accordance with the By-Laws and pursuant to the MMLR, the price payable for the Sunsuria Shares upon the exercise of any ESOS Options granted pursuant to the Proposed ESOS ("**Option Price**") shall be determined by the Board upon recommendation of the ESOS Committee which will be based on the 5-day VWAP of the Sunsuria Shares, as quoted on Bursa Securities, immediately preceding the date of offer, with a discount of not more than 10%, or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the ESOS.

(vi) Ranking of the new Sunsuria Shares arising from the Proposed ESOS and rights of a Grantee

The Grantees will not be entitled to any voting rights or right to participate in any form of distribution until and unless such Grantees exercise their ESOS Options into new Sunsuria Shares.

The new Sunsuria Shares to be allotted and issued arising from the exercise of the ESOS Options shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Sunsuria Shares save and except that the new Sunsuria Shares to be allotted and issued arising from the exercise of the ESOS Options will not be entitled to any dividends, rights, allotments and/or distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the new Sunsuria Shares.

(vii) Listing of and quotation for the new Sunsuria Shares arising from the exercise of the ESOS Options

An application will be made to Bursa Securities for the listing of and quotation for the new Sunsuria Shares, representing up to 10% at any point in time of the total number of issued shares in Sunsuria (excluding treasury shares), to be issued pursuant to the exercise of the ESOS Options to be granted under the Proposed ESOS on the Main Market of Bursa Securities.

(viii) Retention period of Sunsuria Shares

The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer as it sees fit.

In compliance with the MMLR, a Grantee who is a non-executive director of the Company must not sell, transfer or assign any new Sunsuria Shares obtained through the exercise of ESOS Options offered to the Grantee under the ESOS within one (1) year from the date of offer.

(ix) Vesting conditions

The ESOS Committee has the discretion in determining whether the ESOS Options granted will be on staggered basis over the duration of the Proposed ESOS and/or whether the ESOS Options are subject to any vesting period and if so the vesting conditions, if any, of which such determination will be carried out at a later date after the establishment of the Proposed ESOS.

(x) Termination of the Proposed ESOS

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Proposed ESOS may be terminated by the Company at any time before its expiry without obtaining the approvals from the Grantees or its shareholders provided that the Company makes an announcement immediately to Bursa Securities.

(xi) Alteration of share capital and adjustments

If there are any alterations in the capital structure of the Company during the duration of the ESOS, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Sunsuria Shares or a reduction of capital, the Company will adjust the following:

(i) the Option Price;

(ii) the number of Sunsuria Shares comprised in ESOS Options granted to each Grantee (excluding the ESOS Options already exercised); and/or

(iii) the number of Sunsuria Shares and/or Option Price comprised in the offer which is open for acceptance during the offer period (if such offer is subsequently accepted in accordance with the terms and conditions of the offer and the By-Laws),

to ensure that the capital outlay by a Grantee in subscribing for the same proportion of the Sunsuria Shares to which the Grantee was entitled prior to the event giving rise to such adjustments (not taking into account the ESOS Options already exercised) remain unaffected.

Any adjustments (except for an adjustment due to a bonus issue, subdivision or consolidation of shares) must be confirmed in writing by the external auditors or the principal adviser of the Company.

(xii) Modification, variation and/or amendment to the ESOS

The ESOS Committee may at any time recommend to the Board in relation to any additions, modifications or amendments to or deletions of the By-Laws which the ESOS Committee at its sole discretion deem fit and the Board shall have the power by resolution to add, amend, modify or delete any of the terms in the By-Laws upon such recommendation and the Company will submit the amended By-Laws together with a confirmation letter to Bursa Securities confirming that such amendment or modification is in compliance with the provisions of the MMLR pertaining to the ESOS and the rules of Bursa Malaysia Depository Sdn. Bhd. as issued pursuant to the Securities Industry (Central Depositories) Act 1991 as amended from time to time including all subsidiary legislations made thereunder and any re-enactment thereof.

The approval of the shareholders of the Company in a general meeting is not required in respect of any additions, modifications or amendments to or deletions of any terms in the By-Laws unless such additions, modifications or amendments to or deletions of the By-Laws will:

(i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee;

(ii) prejudice any rights of the shareholders of the Company without prior approval of the Company's shareholders in a general meeting; or

(iii) alter to the advantage of the Eligible Persons in respect of any matters which are required to be contained in the By-Laws without the prior approval of the Company's shareholders in a general meeting unless allowed by the provisions of the MMLR.

2.3.2 Utilisation of proceeds arising from the exercise of ESOS Options

The proceeds to be received by the Company pursuant to the exercise of the ESOS Options under the Proposed ESOS will depend on, amongst others, the number of ESOS Options granted and exercised at the relevant point in time as well as the Option Price. As such, the amount of proceeds to be received from the exercise of the ESOS Options cannot be determined at this juncture. Any proceeds arising from the exercise of the ESOS Options shall be utilised for the working capital of the Group.

3. RATIONALE OF THE PROPOSALS

3.1 Proposed SFSB Subscription

As at the LPD, SFSB has completed the construction of "The Forum 1", comprising 264 units of retail lots and offices in Setia Alam, Selangor, which was launched in March 2015. The Forum 1 is the first phase of an innovative integrated development spread over 13.6 acres of freehold land.

In 2018, SFSB had launched "The Forum 2", a property development project which sits on a 6.6 acres of freehold land and adjacent to The Forum 1. The Forum 2 is a mixed commercial development comprising retail units in a retail mall, a 21 storey office tower, a 33 storey small-office home-office ("**SOHO**") and a 41 storey service apartments. The office tower and SOHO components (with a combined gross development value ("**GDV**") of RM477.1 million) were launched in July 2018, whilst the service apartments will be lined up for sale in year 2019.

The Forum 2 strongly advocates the concept of combining business and leisure, giving businesses and residents a complete lifestyle experience in the heart of Setia Alam which is a sought-after location within the Shah Alam/ Klang/ Meru region. It has excellent connectivity via Persiaran Setia Alam to other major road linkages and is well-connected and well-served by the North Klang Valley Expressway, Federal Highway and the Klang Bypass/ Shapadu Expressway (West), all of which provide easy access to work places at major business hubs.

The Proposed SFSB Subscription will result in Sunsuria increasing its equity interest in SFSB from 51% to approximately 95.63% by way of subscription of 2,550,000 SFSB Rights Shares at an issue price of RM17.40 per SFSB Rights Share pursuant to the Proposed SFSB Rights Issue subsequent to the declaration of the special dividend of approximately RM87.0 million by SFSB pursuant to the Proposed SFSB Dividend to its shareholders, namely Sunsuria and SDSB.

The Proposed SFSB Subscription is expected to contribute and increase earnings contribution from SFSB to the Group.

Premised on the foregoing, the Board believes that the Proposed SFSB Subscription augurs well with Sunsuria's long-term objective to achieve sustainable growth and value creation for the shareholders of Sunsuria.

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3.2 Proposed Issuance of Shares

As set out in Section 2.2 of this announcement, the Proposed Issuance of Shares will enable Sunsuria to raise total gross proceeds of approximately RM42.63 million which will be utilised mainly for working capital purposes particularly for the on-going The Forum 2 property development project. The Board is of the opinion that the Proposed Issuance of Shares is a cost-effective method and an expeditious way to raise funds from the capital market as opposed to other forms of fund raising based on the following:

(i) the Proposed Issuance of Shares is a comparatively efficient avenue to raise the required quantum of funds as opposed to other forms of equity raising methods such as a rights issue exercise or placement of new shares. Although a rights issue is a pro-rated issuance of securities to all shareholders, there is no certainty of successful full subscription and may require underwriting to be undertaken. There is also no certainty in the successful completion of a proposed placement of new shares although placement securities are typically priced at a discount to market to encourage subscription by new investors; and

(ii) the Proposed Issuance of Shares also enables Sunsuria to raise funds for its property development project without having to incur additional borrowings with related interest expenses. This allows the Sunsuria Group to utilise its cash reserves for the Group's operational purposes and to reduce its gearing level. The improvement in the Group's gearing level through the strengthening of Sunsuria's capital base (i.e. increase in shareholders' equity) provides the flexibility for future fund raising from financial institutions or debt capital markets for committed capital expenditures as and when the need arises.

Upon completion of the Proposed Issuance of Shares, the respective shareholdings of the existing shareholders of Sunsuria (save for Tan Sri Datuk Ter and his related parties) of Sunsuria will be diluted accordingly. Further, as set out in Section 6.2 of this announcement, the financial position of Sunsuria will improve upon completion of the Proposed Issuance of Shares. The Proposed Issuance of Shares will give the Company an opportunity to focus on its business to create value for the Company and its shareholders.

3.3 Proposed ESOS

The objectives of the Proposed ESOS are as follows:

(i) to motivate and encourage the employees of Sunsuria Group by rewarding them for their contribution and achieving a greater level of commitment and dedication, resulting in enhanced productivity;

(ii) to reward and retain the Eligible Persons whose services are vital to Sunsuria Group's businesses, growth and future expansion;

(iii) to reward the Eligible Persons by allowing them to participate as a stakeholder of the Company;

(iv) to attract more skilled and experienced individuals to join the Sunsuria Group and contribute to its continuing growth and profitability; and

(v) to create a greater sense of ownership and belonging among the Eligible Persons upon exercising their ESOS Options as they will be able to participate directly in the future growth of the Sunsuria Group.

The Proposed ESOS is also extended to the non-executive directors of the Company to reward them for their:

(i) contribution in the corporate governance areas and operational performance of the Sunsuria Group;

(ii) participation in the development, evaluation and implementation of the Company's strategic initiatives; and

(iii) provision of strategic insight and direction to the Sunsuria Group.

Notwithstanding that the non-executive directors of the Company are not involved in the day-to-day business operations of the Company, they are often consulted on various matters in relation to the business strategy of the Company. Therefore, the extension of the Proposed ESOS to the non-executive directors of the Company is to recognise their services and contributions to the growth and development of the Company.

The grant of the ESOS Options to the non-executive directors of the Company will also allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive directors and motivate the existing non-executive directors of the Company to take extra efforts in promoting the interests of the Company.

Subject to the approval of the shareholders of Sunsuria in relation to the allocation of ESOS Options to each non-executive director of the Company, the selection of the non-executive directors to participate in the Proposed ESOS and the number of ESOS Options to be offered (in accordance with the By-Laws) will be decided by the ESOS Committee after taking into consideration the nature and extent of their input, assistance and expertise rendered to the Board for the growth, success and development of the Sunsuria Group, as well as their involvement and commitment to the Board.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview of Malaysian economy

Prospects for the Malaysian economy remain favourable largely supported by sound domestic demand. In addition, steady global growth and trade, continuous expansion in electrical and electronic (E&E) as well as higher oil prices are expected to support export growth. Consequently, real gross domestic products ("**GDP**") is expected to expand 4.8% in 2018 after recording a growth rate of 4.9% during the first half of the year. In 2019, growth is forecast to increase further to 4.9%. Despite the resilient economic performance, risks to growth are tilted downside emanating from heightening uncertainties in the global environment including rising trade conflict, volatility in global financial markets and oil prices as well as geopolitical tension.

Private sector expenditure will remain as the key driver to growth cushioning the effects of lower public sector spending in 2018 and 2019. Stable employment and wage growth, conducive financial condition and benign inflation will continue to support private consumption which accounts for about 55% of GDP. Meanwhile, private investment is anticipated to expand with capital outlays mainly channelled into the services and manufacturing sectors. On the contrary, public expenditure is projected to record a slower growth following initiatives taken by the Government to review and reprioritise expenditure without jeopardising the economic growth as well as lower capital spending by public corporations.

On the supply side, growth is expected to be driven by the services and manufacturing sectors. The services sector is projected to remain firm supported by consumption and domestic tourism activities as well as strong demand for information and communications technology, transport and finance. The manufacturing sector is estimated to record a steady growth in tandem with developments in the global semiconductor industry. Though the growth in agriculture and mining sectors are expected to decline marginally in 2018, it is projected to rebound in 2019 following an uptick in the production of crude palm oil and liquified natural gas. The construction sector is anticipated to expand albeit at a moderate pace largely due to near completion of several mega projects as well as property overhang particularly in the non-residential subsector. In 2019, the sector is expected to improve marginally following an increase in new planned supply in the affordable homes and industrial segments.

The external sector is expected to remain resilient in 2018 supported by steady global economic and trade performances. Nevertheless in 2019, exports are anticipated to expand moderately in line with slower global trade activities. Meanwhile, current account surplus is estimated to narrow with widening deficits in the services and income accounts.

(Source: Economic Outlook 2019, Ministry of Finance)

The Malaysian economy grew by 4.7% in the fourth quarter of 2018 (3Q 2018: 4.4%), supported by continued expansion in domestic demand and a positive growth in net exports. Private sector expenditure remained the main driver of domestic demand, while a rebound in real exports of goods and services (+1.3%; 3Q 2018: -0.8%) contributed towards the positive growth of net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (3Q 2018: 1.6%). For 2018 as a whole, the economy expanded by 4.7% (2017: 5.9%).

Domestic demand expanded at a more moderate pace of 5.6% (3Q 2018: 6.9%) during the quarter. Growth was weighed down by a moderation in gross fixed capital formation.

Private consumption growth remained robust at 8.5% (3Q 2018: 9.0%), despite the frontloading of purchases during the tax holiday period in the previous quarter. Income and employment growth continued to drive household spending. Government measures to alleviate cost of living, such as special payments to civil servants and pensioners, also provided some support to consumer spending.

Private investment growth moderated to 4.4% (3Q 2018: 6.9%), attributed to slower capital spending across major economic sectors. However, ongoing multi-year projects particularly in the manufacturing sector continued to provide support to overall growth.
Public consumption expanded at a slower pace of 4.0% (3Q 2018: 5.2%), attributable to a more moderate growth in supplies and services.

Public investment remained in contraction during the quarter (-4.9%; 3Q 2018: -5.5%), due mainly to a decline in capital spending by public corporations.

Gross fixed capital formation (GFCF) expanded marginally by 0.3% (3Q 2018: 3.2%), as private sector capital expenditure moderated amid a contraction in public sector investment. By type of assets, capital spending on structures expanded by 0.8% (3Q 2018: 1.8%), while investment in machinery and equipment declined (-1.5%; 3Q 2018: 5.9%).

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, Bank Negara Malaysia)

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4.2 Overview of the property industry in Malaysia

The property market recorded a marginal decline in the first half of 2018 in line with a challenging economic and financial situation. A total of 149,889 transactions worth RM67.74 billion were recorded, each showing a decrease of 2.4% and 0.1% compared to the same period last year which recorded 153,526 transactions worth RM67.83 billion.

On the demand-side, mixed trends are also seen in the indicators of residential and non-residential property demand. The amount of loans applied for the purchase of residential property decreased by 3.1% as compared to H1 2017 while the approved loan fell by 0.2%. However, the situation differs for non-residential property where loans applied for and approved for this purpose indicate an increase of 14.2% and 6.6% respectively.

The Consumer Sentiment Index jumped 132.9 points, while the Business Conditions Index hit 116.3 points. The upsurge was due to anticipation of higher growth in jobs and wages, lower inflation and an increase in household disposable income with the zero-rated GST.

Market activity recorded a total of 149,889 transactions valued at RM67.74 billion, down by 2.4% in the number and 0.1% in value compared to H1 2017. The residential sub-sector continued to lead the overall market, with a contribution of 62.8% and 46.7% in volume and value respectively. However, this sub-sector recorded a slight decrease of 0.8% and 3.6% in the number and value respectively. Commercial and industrial sub-sectors recorded upward movements in the volume, increased by 3.5% and 3.8% respectively.

The number of new launches in the first half year decrease compared to those recorded in H2 2017 (36,955 unit). The market recorded 37,723 units of new launches, decrease by 7.1%. Major states such as Kuala Lumpur showed a decrease of 18.6% while Selangor recorded a significant decrease of 55.9%. Johor recorded a minimal increase of 8.3% over the same period last year. Sales performance was still low at 19.2% across the board.

Despite recording lower new launches, Kuala Lumpur remained the leading state with a share of 18.8%. This was followed by Johor with 5,791 new launches. By type, condominiums/ apartments formed the bulk (42.9%), followed by two to three storey terrace houses (27.0%).

The unsold completed residential situation continued to increase to 29,227 units worth RM17.24 billion, an increase in volume by 18.1% and 10.2% in value. Similarly, the unsold not constructed units shot up to 21,446 units, an increase of 69.9% over H2 2017. Unsold under construction units also increased to 75,445 units, an increase of 21.9%. By state, Johor led with the highest unsold units, representing 20.5%. Although unsold under construction and not constructed showed a decrease over the same period last year, the overhang units recorded a significant increase of 84.4% over the same period last year.

High rise residential houses (condominiums and apartments) formed the bulk of the overhang representing 39.7% (11,602 units) of the total, mostly in Johor (2,416 units: 20.8%) and Kuala Lumpur (2,260 units: 19.5%). In the unsold under construction and not constructed categories, stratified houses (condominiums and apartments) also exceeded other types of property, representing 44.5% (33,547 units) and 84.3% (18,077 units) of the respective categories.

(Source: Property Market Report First Half 2018, Valuation and Property Services Department, Ministry of Finance)

4.3 Prospects of Sunsuria and SFSB

As at the LPD, SFSB has a flagship development named The Forum which is located in Setia Alam, Selangor.

The Forum is a mixed-use development which spans 2 phases namely The Forum 1 and The Forum 2. The Forum 1, which was completed in June 2018, comprises 264 units of retail lots and offices is the first phase of an innovative integrated development spread over 13.6 acres of freehold land.

Its second phase, The Forum 2 which is adjacent to The Forum 1, comprises retail units in a retail mall, a 21 storey office tower, a 33 storey SOHO serviced suites and a 41 storey service apartment. The office tower and SOHO service suites components (with a combined GDV of RM477.1 million) were launched in July 2018, whilst the service apartments will be lined up for sale in year 2019.

The Forum 2 strongly advocates the concept of combining business and leisure, giving businesses and residents a complete lifestyle experience in the heart of Setia Alam which is a sought-after location within the Shah Alam/ Klang/ Meru region. It has excellent connectivity via Persiaran Setia Alam to other major road linkages and is well-connected and well-served by the North Klang Valley Expressway, Federal Highway and the Klang Bypass/ Shapadu Expressway (West), all of which provide easy access to work places at major business hubs.

Given the strategic location of The Forum, the Board is of the view that SFSB will continue to be able to achieve satisfactory performance from its property development activities. In view thereof, the Proposed SFSB Subscription is expected to contribute and increase earnings contribution from SFSB to the Group

In addition to the above, the Proposed Issuance of Shares will improve Sunsuria's financial position and give the Company an opportunity to focus on its business and efforts to generate earnings to create value for the Company and its shareholders.

5 RISK FACTORS

Below are some non-exhaustive risk factors in relation to the Proposed SFSB Subscription that may be inherent to the Group:

5.1 Business risk

As SFSB is primarily engaged in property development, the Proposed SFSB Subscription will increase the Group's exposure to risks inherent in the property development industry. Such risks may include, adverse changes in real estate market prices, changes in demand for types of residential and commercial properties, competition from other property developers, delay in completion of property development projects against the scheduled completion, performance of third-party sub-contractors, labour and material supply shortages, fluctuations in the prices of building materials and costs of labour charges and adverse changes in property tax assessments and other statutory charges. Any adverse change in such conditions may have an adverse material effect on the development.

5.2 Political and economy risks

Adverse developments in political and economic conditions in Malaysia or globally could materially affect the property industry in the country. Political and economic uncertainties include changes in labour laws, interest rates, risks of expropriation of land by authorities, rate of stamp duty and methods of taxation as well as the tax rate. No assurance can be given that any changes to the political and economic conditions would not have any material impact on Sunsuria Group's property development business and its financial performance in the future.

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6 EFFECTS OF THE PROPOSALS

The Proposed SFSB Subscription will not have any effect on the share capital, NA and gearing as well as the shareholdings of the substantial shareholders of Sunsuria.

The pro forma effects of the Proposals are based on the following scenarios:

Minimum Scenario	Assuming none of the 158,358,462 outstanding Warrants ("**Warrants**") as at the LPD are exercised prior to the date of allotment and issuance of the Issuance Shares and new Sunsuria Shares to be issued pursuant to the Proposed Issuance of Shares and upon the exercise of ESOS Options from the Proposed ESOS respectively ("**Minimum Scenario**").
Maximum Scenario	Assuming all the 158,358,462 outstanding Warrants as at the LPD are exercised prior to the date of allotment and issuance of the Issuance Shares and new Sunsuria Shares to be issued pursuant to Proposed Issuance of Shares and upon the exercise of ESOS Options from the Proposed ESOS respectively ("**Maximum Scenario**").

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6.1 Share capital

The pro forma effects of the Proposed Issuance of Shares and the Proposed ESOS of the share capital of Sunsuria are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Sunsuria Shares	**RM'000**	**No. of Sunsuria Shares**	**RM'000**
Issued share capital of Sunsuria as at LPD	798,834,302	399,421	798,834,302	399,421
To be issued assuming the full exercise of Sunsuria's outstanding Warrants	-	-	158,358,462	(i)285,837
	798,834,302	399,421	957,192,764	685,258
Issuance Shares to be issued pursuant to the Proposed Issuance of Shares	65,083,000	42,629	65,083,000	42,629
	863,917,302	442,050	1,022,275,764	727,887
New Sunsuria Shares to be issued pursuant to the exercise of ESOS Options pursuant to the Proposed ESOS	86,391,730	(ii)50,971	102,227,576	(ii)60,314
Enlarged share capital of Sunsuria	**950,309,032**	**493,021**	**1,124,503,340**	**788,201**

Notes:

(i) Assuming all the outstanding Warrants are exercised at RM1.50 per Warrant and the transfer of warrant reserves amounting to approximately RM48.30 million to the share capital.

(ii) Calculated based on assumed exercise price of each ESOS Option of RM0.59, being a discount of approximately RM0.0623 or 9.55% to the 5-day VWAP of Sunsuria Shares up to and including the LPD of RM0.6523.

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6.2 NA per Sunsuria Share and gearing

The pro forma effects of the Proposed Issuance of Shares on the NA per Sunsuria Share and gearing of the Sunsuria Group are as follows:

<u>Minimum Scenario</u>

	(I) **Audited as at 30 September 2018** **(RM'000)**	**After (I) and the Proposed Issuance of Shares** **(RM'000)**
Share capital	399,421	442,050
Share premium	175,838	175,838
Warrant reserves	48,299	48,299
Capital reserve	815	815
Capital redemption reserve	168	168
Retained profits	247,859	(i)247,399
Shareholders' funds/ NA	872,400	914,569
Number of Sunsuria Shares issued ('000)	798,834	863,917
NA per Sunsuria Share (RM)	1.09	1.06
Borrowings (RM'000)	239,974	239,974
Gearing (times)	0.28	0.26

Note:

(i) After deducting the estimated expenses for the Proposals of RM0.46 million.

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Maximum Scenario

	(I) Audited as at 30 September 2018 (RM'000)	(II) After (I) and assuming full exercise of Sunsuria's outstanding Warrants (RM'000)	After (II) and the Proposed Issuance of Shares (RM'000)
Share capital	399,421	[(i)]685,258	727,887
Share premium	175,838	175,838	175,838
Warrant reserves	48,299	-	-
Capital reserve	815	815	815
Capital redemption reserve	168	168	168
Retained profits	247,859	247,859	[(ii)]247,399
Shareholders' funds/ NA	872,400	1,109,938	1,152,107
Number of Sunsuria Shares issued ('000)	798,834	957,193	1,022,276
NA per Sunsuria Share (RM)	1.09	1.16	1.13
Borrowings (RM '000)	239,974	239,974	239,974
Gearing (times)	0.28	0.22	0.21

Notes:

(i) Assuming full exercise of all 158,358,462 Warrants at RM1.50 per new Sunsuria Share and the transfer of warrant reserves amounting to approximately RM48.30 million to the share capital.

(ii) After deducting the estimated expenses for the Proposals of RM0.46 million.

In relation to the Proposed ESOS, save for the potential impact of the Malaysian Financial Reporting Standards 2, on Share-Based Payment ("**MFRS 2**") issued by the Malaysian Accounting Standards Board as elaborated in Section 6.3 below, the Proposed ESOS is not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time the ESOS Options granted are exercised. Any potential effect on the consolidated NA per Share and gearing of Sunsuria Group in the future would depend on factors such as the actual number of new Sunsuria Shares to be issued which can only be determined at the point of the exercise of the ESOS Options and Option Price. Upon the exercise of the ESOS Options, the NA per Share is expected to increase if the Option Price is higher than the NA per Share at such point of exercise, and vice versa.

6.3 Earnings and earnings per share ("EPS")

The Proposed ESOS is not expected to have a material effect on the earnings of the Group for the financial year ending 30 September 2019. However, the EPS of the Group for the financial year ending 30 September 2019 may be diluted, depending on the number of ESOS Options exercised.

In accordance with the MFRS 2, the granting of the ESOS Options requires the recognition of an expense which would affect the future earnings of Sunsuria Group. The potential effects of the Proposed ESOS on the consolidated earnings and EPS of Sunsuria Group in the future, as a consequence of the recognition of the expense at each grant date, cannot be determined at this juncture as it would depend on various factors that affect the fair value of the ESOS Options granted as at the respective grant dates. It should be noted that such potential cost of granting the ESOS Options does not represent a cash outflow but only an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the Group's future earnings and will take into consideration such impact in the granting and vesting of ESOS Options under the Proposed ESOS.

For illustration purposes, assuming the Proposed SFSB Subscription and the Proposed Issuance of Shares had been effected at the beginning of the FYE 30 September 2018, the pro forma effects on the earnings and EPS of Sunsuria are as follows:

Minimum Scenario

	(I) Audited as at 30 September 2018	**(II)** After (I) and the Proposed SFSB Subscription	After (II) and the Proposed Issuance of Shares
Profit after tax ("**PAT**") attributable to the owners of Sunsuria (RM'000)	101,597	(i)115,837	(ii)115,377
Number of Sunsuria Shares ('000)	798,834	798,834	863,917
EPS (RM)	0.13	0.15	0.13

Notes:

(i) After including the contribution of PAT of approximately RM14.24 million as a result of increasing Sunsuria's equity stake in SFSB by 44.63% based on the audited PAT of SFSB for the FYE 30 September 2018 of RM31.91 million pursuant to the Proposed SFSB Subscription.

(ii) After deducting the estimated expenses for the Proposals of RM0.46 million.

Maximum Scenario

	(I) Audited as at 30 September 2018	(II) After (I) and assuming full exercise of Sunsuria's outstanding Warrants	(III) After (II) and the Proposed SFSB Subscription	After (III) and the Proposed Issuance of Shares
PAT attributable to the owners of Sunsuria (RM'000)	101,597	101,597	(i) 115,837	(ii) 115,377
Number of Sunsuria Shares ('000)	798,834	957,193	957,193	1,022,276
EPS (RM)	0.13	0.11	0.12	0.11

Notes:

(i) After including the contribution of PAT of approximately RM14.24 million as a result of increasing Sunsuria's equity stake in SFSB by 44.63% based on the audited PAT of SFSB for the FYE 30 September 2018 of RM31.91 million pursuant to the Proposed SFSB Subscription.

(ii) After deducting the estimated expenses for the Proposals of RM0.46 million.

6.4 Convertible Securities

The Proposals will not have any effect on the outstanding Warrants of Sunsuria.

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6.5 Substantial shareholders' shareholdings

The Proposed ESOS will not have an immediate effect on the shareholdings of the substantial shareholders of Sunsuria until such time when the new Sunsuria Shares are issued under the Proposed ESOS. Any potential effect on the substantial shareholders' shareholdings in Sunsuria would depend on the number of ESOS Options granted or vested (as the case may be) and the number of ESOS Options exercised.

For illustrative purposes, the effects of the Proposed Issuance of Shares on the shareholdings of the substantial shareholders of Sunsuria are set out in the table below:

Minimum Scenario

	(I) As at the LPD				After (I) and the Proposed Issuance of Shares			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**
Ter Equity Sdn. Bhd.	182,557	22.85	-	-	182,557	21.13	-	-
Tan Sri Datuk Ter	168,640	21.11	304,583[(i)]	38.13	168,640	19.52	369,666[(i)]	42.79
TCSB	116,384	14.57	-	-	181,467	21.01	-	-
Ruby Technique Sdn. Bhd.	45,300	5.67	-	-	45,300	5.24	-	-
CBG Holdings Sdn. Bhd.	-	-	45,300[(ii)]	5.67	-	-	45,300[(ii)]	5.24
Farsathy Holdings Sdn. Bhd,	-	-	45,300[(ii)]	5.67	-	-	45,300[(ii)]	5.24
Chia Seong Pow	1,200	0.15	45,300[(iii)]	5.67	1,200	0.14	45,300[(iii)]	5.24
Chia Song Kun	-	-	49,300[(iv)]	6.17	-	-	49,300[(iv)]	5.71
Chia Seong Fatt	-	-	46,050[(v)]	5.76	-	-	46,050[(v)]	5.33

Notes:

(i) *Deemed interested pursuant to Section 8 of the Act.by virtue of his interests in Ter Equity Sdn. Bhd. TCSB and THK Capital Sdn. Bhd..*

(ii) *Deemed interested pursuant to Section 8 of the Act by virtue of its interest in Ruby Technique Sdn. Bhd..*

(iii) *Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Farsathy Holdings Sdn. Bhd..*

(iv) *Deemed interested pursuant to Section 8 of the Act by virtue of his interests in CBG Holdings Sdn. Bhd. and Attractive Features Sdn. Bhd., being a related company of Ruby Technique Sdn. Bhd..*

(v) *Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Farsathy Holdings Sdn. Bhd. and his spouse's direct interest in the Company.*

<u>Maximum Scenario</u>

	(I) As at the LPD				(II) After (I) and assuming full exercise of Sunsuria's outstanding Warrants				After (II) and the Proposed Issuance of Shares			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**	**No. of Sunsuria Shares ('000)**	**%**
Ter Equity Sdn. Bhd.	182,557	22.85	-	-	228,196	23.84	-	-	228,196	22.32	-	-
Tan Sri Datuk Ter	168,640	21.11	304,583[(i)]	38.13	205,940	21.51	355,855[(i)]	37.18	205,940	20.15	420,938[(i)]	41.18
TCSB	116,384	14.57	-	-	122,016	12.75	-	-	187,099	18.30	-	-
Ruby Technique Sdn. Bhd.	45,300	5.67	-	-	53,400	5.58	-	-	53,400	5.22	-	-
CBG Holdings Sdn. Bhd.	-	-	45,300[(ii)]	5.67	-	-	53,400[(ii)]	5.58	-	-	53,400[(ii)]	5.22
Farsathy Holdings Sdn. Bhd.	-	-	45,300[(ii)]	5.67	-	-	53,400[(ii)]	5.58	-	-	53,400[(ii)]	5.22
Chia Seong Pow	1,200	0.15	45,300[(iii)]	5.67	1,500	0.16	53,400[(iii)]	5.58	1,500	0.15	53,400[(iii)]	5.22
Chia Song Kun	-	-	49,300[(iv)]	6.17	-	-	58,400[(iv)]	6.10	-	-	58,400[(iv)]	5.71
Chia Seong Fatt	-	-	46,050[(v)]	5.76	-	-	54,350[(v)]	5.68	-	-	54,350[(v)]	5.32

Notes:

(i) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Ter Equity Sdn. Bhd. TCSB and THK Capital Sdn. Bhd..

(ii) Deemed interested pursuant to Section 8 of the Act by virtue of its interest in Ruby Technique Sdn. Bhd..

(iii) Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Farsathy Holdings Sdn. Bhd..

(iv) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in CBG Holdings Sdn. Bhd. and Attractive Features Sdn. Bhd., being a related company of Ruby Technique Sdn. Bhd..

(v) Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Farsathy Holdings Sdn. Bhd. and his spouse's direct interest in the Company.

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7. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSALS

The Proposals are subject to the following approvals being obtained from:

(i) Bursa Securities for the listing of and quotation for the Issuance Shares and the new Sunsuria Shares to be issued pursuant to the exercise of ESOS Options on the Main Market of Bursa Securities;

(i) the shareholders of Sunsuria for the Proposed Issuance of Shares and the Proposed ESOS at an EGM to be convened; and

(ii) any other relevant authorities and/or parties, if required and the fulfilment of all conditions attached to such approvals, if any.

The Proposals are not inter-conditional upon each other, nor are they conditional upon any other corporate proposals undertaken or to be undertaken by Sunsuria. The Proposed SFSB Subscription is subject to the approval of the financier of SFSB in accordance with the terms of the financing arrangements or other facilities granted to SFSB.

8. INTERESTS OF DIRECTOR, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

8.1 Proposed SFSB Subscription

None of the directors, major shareholders of Sunsuria and/or persons connected with them have any interest, directly or indirectly in the Proposed SFSB Subscription.

8.2 Proposed Issuance of Shares

None of the directors, major shareholders of Sunsuria and/or persons connected with them have any interest, directly or indirectly, in the Proposed Issuance of Shares, save for the following:

(i) Tan Sri Datuk Ter being the "**Interested Director**" is the Executive Chairman and a major shareholder of Sunsuria;

(ii) Ter Equity Sdn. Bhd. and TCSB, being the major shareholders of Sunsuria where the Interested Director has interests in these companies; and

(iii) THK Capital Sdn. Bhd., being a shareholder of Sunsuria where the Interested Director has interest in the company.

As at the LPD, the shareholdings of Tan Sri Datuk Ter, Ter Equity Sdn. Bhd., TCSB and THK Capital Sdn. Bhd. in Sunsuria are as follows:

	Direct		Indirect	
	No. of Sunsuria Shares held ('000)	**%**	**No. of Sunsuria Shares held ('000)**	**%**
Tan Sri Datuk Ter	168,640	21.11	(1)304,583	38.13
Ter Equity Sdn. Bhd.	182,557	22.85	-	-
TCSB	116,384	14.57	-	-
THK Capital Sdn. Bhd.	5,642	0.71	-	-

Note:

(1) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Ter Equity Sdn. Bhd., TCSB. and THK Capital Sdn. Bhd..

As such, Tan Sri Datuk Ter will abstain from all board deliberations and voting in relation to the Proposed Issuance of Shares. In addition, Tan Sri Datuk Ter, Ter Equity Sdn. Bhd., TCSB and THK Capital Sdn. Bhd. will abstain and have undertaken to ensure that all persons connected with them will also abstain from voting in respect of their direct and/or indirect shareholdings in Sunsuria on the resolution pertaining to the Proposed Issuance of Shares to be tabled at a general meeting to be convened.

8.3 Proposed ESOS

All the Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed ESOS. All directors have abstained and will continue to abstain from deliberating and voting on the resolutions pertaining to their respective allocations, if any, as well as the allocations to the persons connected with them, if any, under the Proposed ESOS at the relevant Board meetings and at general meetings, in respect of their direct and/or indirect shareholdings in Sunsuria.

Tan Sri Datuk Ter, the Executive Chairman of Sunsuria, is entitled to participate in the Proposed ESOS to the extent of his allocation under the Proposed ESOS. In addition, Tan Sri Datuk Ter and companies in which he has interests, namely TCSB, THK Capital Sdn. Bhd. and Ter Equity Sdn. Bhd. are also the shareholders of Sunsuria ("**Interested Shareholders**"). Accordingly, the Interested Shareholders will abstain from voting, in respect of their direct and/or indirect shareholdings in Sunsuria, on the resolution pertaining to Tan Sri Datuk Ter's allocation, if any, as well as the allocations to the persons connected with them, if any, under the Proposed ESOS at the general meetings.

Puan Sri Datin Kwan May Yuen, the wife of Tan Sri Datuk Ter, who is also an employee of Sunsuria Group, is entitled to participate in the Proposed ESOS to the extent of her allocation under the Proposed ESOS. Accordingly, Puan Sri Datin Kwan May Yuen will abstain from voting, in respect of her direct and/or indirect shareholdings in Sunsuria, on the resolution pertaining to her allocation as well as the allocations to the persons connected with her, if any, under the Proposed ESOS at the general meetings.

Ter Leong Ping, the sister of Tan Sri Datuk Ter, who is also a director of certain subsidiaries of Sunsuria Group, is entitled to participate in the Proposed ESOS to the extent of her allocation under the Proposed ESOS. Accordingly, Ter Leong Ping will abstain from voting, in respect of her direct and/or indirect shareholdings in Sunsuria, on the resolution pertaining to her allocation as well as the allocations to the persons connected with her, if any, under the Proposed ESOS at the general meetings.

Ter Shin Nie and Ter Shin Ann, the daughters of Tan Sri Datuk Ter and Puan Sri Datin Kwan May Yuen, who are also employees of Sunsuria Group, are entitled to participate in the Proposed ESOS to the extent of their respective allocations under the Proposed ESOS. Accordingly, they will abstain from voting, in respect of their direct and/or indirect shareholdings in Sunsuria, on the resolutions pertaining to their respective allocations as well as the allocations to the persons connected with them, if any, under the Proposed ESOS at the general meetings.

Puan Sri Datin Kwan May Yuen, Ter Leong Ping, Ter Shin Nie and Ter Shin Ann are collectively referred to as the "**Interested Persons Connected**".

In addition, Tan Sri Datuk Ter will abstain from voting, in respect of his direct and/or indirect shareholdings in Sunsuria, on the resolutions pertaining to the allocations of the Interested Persons Connected as well as the allocations to the persons connected with them, if any, under the Proposed ESOS at the relevant Board meetings and general meetings.

The Interested Director, Interested Shareholders, Interested Persons Connected and Directors who are allocated ESOS Options (collectively "**Interested Parties**") also undertake to ensure that persons connected with them shall also abstain from voting, in respect of their direct and/or indirect shareholdings in Sunsuria, on the resolutions pertaining to their respective allocations, as well as the allocations to the persons connected with them, if any, under the Proposed ESOS at the general meetings.

The Interested Parties' shareholdings in the Company as at the LPD are as follows:

	As at the LPD			
	Direct		**Indirect**	
	No. of Sunsuria Shares	**%**	**No. of Sunsuria Shares**	%
<u>Interested Director</u>				
Tan Sri Datuk Ter	168,639,872	21.11	(i)304,583,208	38.13
<u>Interested Shareholders</u>				
TCSB	116,383,832	14.57	-	-
Ter Equity Sdn. Bhd.	182,557,376	22.85	-	-
THK Capital Sdn. Bhd.	5,642,000	0.71	-	-
<u>Directors</u>				
Koong Wai Seng	210,000	0.03	-	-
Tan Pei Geok	1,830,000	0.23	-	-
Dato' Quek Ngee Meng	50,000	0.01	-	-
Datin Loa Bee Ha	-	-	(ii)14,828,800	1.86
<u>Interested Persons Connected</u>				
Puan Sri Datin Kwan May Yuen	-	-	-	-
Ter Leong Ping	100,000	0.01	-	-
Ter Shin Nie	-	-	-	-
Ter Shin Ann	-	-	-	-

Notes:

(i) *Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Ter Equity Sdn. Bhd., TCSB and THK Capital Sdn. Bhd..*

(ii) *Deemed interested pursuant to Section 59(11)(c) of the Act by virtue of the shareholdings held by her spouse, Dato' Tan Tian Meng.*

9. PERCENTAGE RATIO

Based on the purchase consideration for the Proposed SFSB Subscription, the highest percentage ratio of Sunsuria pursuant to Chapter 10.02(g) of the MMLR is approximately 14.02%.

10. DIRECTORS' STATEMENT

The Board (save for Tan Sri Datuk Ter being the Interested Director in relation to the Proposed Issuance of Shares) having considered all aspects of the Proposals, including the terms and conditions, rationale, pro forma effects of the Proposals to the Group, the utilisation of proceeds and the prospects of Sunsuria, is of the opinion that the Proposals are in the best interests of Sunsuria Group.

However, considering that individual members of the Board are deemed interested in the Proposed ESOS to the extent of their respective proposed allocation under the Proposed ESOS, they will abstain from expressing an opinion and making any recommendation(s) on the resolution(s) on their respective proposed allocation as well as allocation(s) to person(s) connected with them, if any, under the Proposed ESOS.

In addition, the Interested Director will also abstain from expressing any opinion and making any recommendation(s) on the resolution(s) on the respective proposed allocation as well as allocation(s) to the Interested Persons Connected, if any, under the Proposed ESOS.

Accordingly, the Board (save for the Interested Director in relation to the Proposed Issuance of Shares) recommends the shareholders of Sunsuria to vote in favour of the resolutions in relation to the Proposed Issuance of Shares and the Proposed ESOS to be tabled at the forthcoming EGM.

11. ADVISERS

IPS has been appointed as the principal adviser to the Company for the Proposals. Astramina has been appointed as the financial adviser to the Company for the Proposals.

12. ESTIMATED TIMEFRAME FOR APPLICATION TO THE REGULATORY AUTHORITIES AND COMPLETION

An application to the relevant authorities seeking approval for the Proposed Issuance of Shares and the Proposed ESOS will be made within one (1) month from the date of this announcement.

No approval will be sought for the Proposed SFSB Subscription because the highest percentage ratio pursuant to Chapter 10.02(g) of the MMLR in relation to the Proposed SFSB Subscription is approximately 14.02% which will not require the approval from the shareholders of Sunsuria.

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the second (2^{nd}) quarter of 2019.

13. DOCUMENT AVAILABLE FOR INSPECTION

The Subscription Agreement will be made available for inspection at Sunsuria's registered office at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 28 February 2019.

INFORMATION ON SFSB

1. History and principal activities

SFSB is a private limited company incorporated in Malaysia on 10 April 2007 under the Companies Act 1965 under the name, Sunsuria (MM2H) Sdn. Bhd. and is deemed registered under the Act. It assumed its present name on 7 October 2015.

SFSB is principally involved in property development and its wholly-owned subsidiary, Greenworth Sdn. Bhd., is principally involved in investment in car parks.

As at the LPD, SFSB has completed the construction of “The Forum 1”, comprising 264 units of retail lots and offices in Setia Alam, which was launched in March 2015. The Forum 1 is the first phase of an innovative integrated development spread over 13.6 acres of freehold land.

In 2018, SFSB had launched “The Forum 2”, a property development project which sits on a 6.6 acres of freehold land and adjacent to The Forum 1. The Forum 2 is a mixed commercial development comprising retail units in a retail mall, a 21 storey office tower, a 33 storey SOHO and a 41 storey service apartments. The office tower and SOHO components (with a combined GDV of RM477.1 million) were launched in July 2018, whilst the service apartments will be lined up for sale in year 2019.

The details of the land owned by SFSB in relation to The Forum 2 property development project are as follows:

Details	
Registered owner	SFSB
Title details	Lot 86616, GRN 334463, Mukim Bukit Raja, District of Petaling, Selangor
Category of land use	Building
Conditions	Bangunan perniagaan
Existing use	Development land
Tenure	Freehold
Land Area	6.6 acres
Restriction of interest	None
Net book value based on audited financial statement as at 30 September 2018	RM120.20 million
Encumbrances	Charged to Malayan Banking Berhad

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Information on The Forum 2 property development project are as follows:

Details	
Name of project	The Forum 2
Type of development	Mixed commercial development comprising retail mall, offices, SOHO and service apartments
Number of units/ square feet	Retail: 180,684 square feet; SOHO: 653 units; Office: 636 units; and Service apartment: 568 units.
Total development cost	Approximately RM577 million
Expected commencement date	Office tower and SOHO had been launched in July 2018
Expected completion date	Year 2022
Estimated GDV	RM948.5 million
Stage of completion	Approximately 5%
Source of funds to finance the development cost	Internal funds and bank borrowings
Relevant approvals obtained for the development	Planning approval (Kebenaran Merancang) obtained on 25 April 2017. Building plan approval obtained on 2 March 2018.

2. Share capital

As at the LPD, the issued share capital of SFSB is RM250,000 comprising 250,000 SFSB Shares.

3. Shareholders of SFSB

As at the LPD, the shareholders of SFSB and their respective shareholdings in SFSB are as follows:

Directors	Direct		Indirect	
	No. of SFSB Shares held	%	No. of SFSB Shares held	%
Sunsuria	127,500	51	-	-
SDSB	122,500	49	-	-
Tan Sri Datuk Ter	-	-	250,000[(i)]	100[(i)]

Note:

(i) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Sunsuria and SDSB.

4. Directors of SFSB

As at the LPD, the directors of SFSB and their respective shareholdings in SFSB are as follows:

Directors	Direct		Indirect	
	No. of SFSB Shares held	%	No. of SFSB Shares held	%
Tan Sri Datuk Ter	-	-	250,000[(i)]	100[(i)]
Koong Wai Seng	-	-	-	-
Ter Leong Ping	-	-	-	-
Lee Swee Kheng	-	-	-	-

Note:

(i) Deemed interested pursuant to Section 8 of the Act by virtue of his interests in Sunsuria and SDSB.

5. Subsidiary and associate companies

As at the LPD, the subsidiary of SFSB is as follows:

Subsidiary	Place of incorporation	Equity interest held (%)	Principal activity
Greenworth Sdn. Bhd.(i)	Malaysia	100	Investment in car parks

Note:

(i) Greenworth Sdn. Bhd. was incorporated as a subsidiary of SFSB on 17 August 2018.

As at the LPD, SFSB does not have any associate companies.

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6. Financial information

A summary of the audited financial information of SFSB for the past three financial years/period up to FYE 30 September 2018 and the unaudited financial information of SFSB for the 3-month financial period ended ("**FPE**") 31 December 2018 are as follows:

	Audited			Unaudited
	9-month FPE 30 September 2016 RM'000	**FYE 30 September 2017 RM'000**	**FYE 30 September 2018 RM'000**	**3-month FPE 31 December 2018 RM'000**
Revenue	65,647	85,549	84,085	6,697
Profit before taxation ("**PBT**")	18,299	52,826	41,336	1,109
Profit after taxation ("**PAT**")	13,443	46,550	31,915	682
PBT per SFSB Share(i) (RM)	365.98	1056.52	165.34	4.44
PAT per SFSB Share(ii) (RM)	268.86	931.00	127.66	2.73
No. of SFSB Shares ('000)	50	50	250	250
Shareholders' funds/ NA	15,598	62,148	87,599	89,387
NA per SFSB Share(iii) (RM)	311.96	1242.96	350.40	357.55
Current ratio(iv) (times)	0.92	1.28	3.82	1.97
Total borrowings (RM'000)	-	-	75,000	74,040
Gearing ratio(v) (times)	-	-	0.86	0.83

Notes:

(i) Computed based on the PBT divided by the number of SFSB Shares.

(ii) Computed based on the PAT divided by the number of SFSB Shares.

(iii) Computed based on total NA attributable to the owners of the company divided by total number of SFSB Shares.

(iv) Computed based on total current assets divided by total current liabilities.

(v) Computed based on the total borrowings divided by the total NA attributable to the owners of the company.

Commentaries on the past financial performance

The financial performance in respect of the audited three (3) financial years/period from 9-month FPE 30 September 2016 to FYE 30 September 2018 and the unaudited 3-month FPE 31 December 2018 under review are summarised as follows:

9-month FPE 30 September 2016

SFSB changed its FYE from 31 December to 30 September in year 2016. Consequently, the financial statements of SFSB was for a 9 months period ended 30 September 2016 in year 2016.

SFSB first launched The Forum 1 project in March 2015 and recorded revenue of RM24.3 million in FYE December 2015.

SFSB recorded a 9-month revenue of approximately RM65.65 million in the FPE 30 September 2016 mainly from the sales and work completion of The Forum 1 project.

The 9-month PAT for the FPE 30 September 2016 was RM13.44 million as compared to the PAT of RM2.13 million for the FYE 31 December 2015.

FYE 30 September 2017

SFSB recorded revenue of RM85.55 million for the FYE 30 September 2017 as The Forum 1 project recorded more sales and as works progressed.

Thus, SFSB recorded a PAT of approximately RM46.55 million for the FYE 30 September 2017, a sharp increase of RM33.11 million as compared to the FPE 30 September 2016.

FYE 30 September 2018

SFSB recorded revenue of approximately RM84.09 million for the FYE 30 September 2018, a decrease of RM1.46 million as compared to the FYE 30 September 2017.

The revenue in the FYE 30 September 2018 was made up of recognition of sales from The Forum 1 project amounting to approximately RM72.68 million and sale of carpark at The Forum 1 for a consideration of RM11.40 million. The decrease in revenue from sale of properties was due to revenue has been substantially recognised since year 2015 to the FYE 30 September 2017. The Forum 1 project was completed in the FYE 30 September 2018.

Consequently, SFSB recorded a lower PAT of RM31.92 million for the FYE 30 September 2018 from the lower revenue in the year.

FPE 31 December 2018 vs FPE 31 December 2017

SFSB recorded revenue of approximately RM6.70 million for the 3-month FPE 31 December 2018, a decrease of RM14.9 million as compared to the 3-month FPE 31 December 2017. For the 3-month FPE ended 31 December 2018, revenue was mainly derived from the sale of completed stocks as The Forum 1 project was completed in June 2018.

SFSB recorded a PAT of RM0.68 million for the 3-month FPE 31 December 2018 from the sale of completed stocks.

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT IN RELATION TO THE PROPOSED ISSUANCE OF SHARES

1. Subscription Price

The subscription of the Issuance Shares by TCSB shall be at the issue price of RM0.655 per Issuance Share for a total cash consideration of RM42,629,365.

2. Conditions Precedent

(i) The subscription of the Issuance Shares by TCSB is subject to the fulfilment of the following conditions precedent ("**Conditions Precedent**") on or before the expiry of sixty (60) days commencing immediately after the date of the Subscription Agreement ("**Condition Period**") or the extended condition period for a further period of thirty (30) days at the option of TCSB ("**Extended Period**"):

(a) the approval of the directors of the Company for the allotment and issuance of the Issuance Shares to TCSB;

(b) the approval of the shareholders of the Company by way of an ordinary resolution at an EGM of the Company for the allotment and issuance of the Issuance Shares to TCSB upon the terms and conditions set out in the Subscription Agreement;

(c) the approval of Bursa Securities for the listing of and quotation for the Issuance Shares on the Main Market of Bursa Securities;

(d) the approval of the Company's financier(s) in accordance with the terms of the financing arrangements or other facilities granted to the Company, if required; and

(e) the approval(s) or consent(s) of any other relevant authority(ies) and/or parties, if required.

(ii) The Subscription Agreement will become unconditional upon the satisfaction or fulfilment or waiver (as applicable) of all the Conditions Precedent within the Condition Period or the Extended Period (if applicable), as the case may be.

(iii) In the event the Condition Period is not extended by TCSB, TCSB may terminate the Subscription Agreement and the Subscription Agreement will cease to be of any effect except for the survival provisions, which shall remain in force and save in respect of claims arising out of any antecedent breach of the Subscription Agreement.

3. Indemnity

From and after the completion date of the Subscription Agreement, each of the parties undertake and agree to pay and to indemnify fully, hold harmless and defend the other party from and against any and all the loss, cost, expense, damage, consequence and third party claim for damages suffered directly or indirectly by the other party in connection with:

(a) any inaccuracy or breach of any of the Company's warranties (in the event the indemnifying party is the Company) or TCSB's warranties (in the event the indemnifying party is TCSB) or undertakings or other terms of the Subscription Agreement;

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(b) any proceedings taken by the other party claiming that any of the Company's warranties (in the event the indemnifying party is the Company) or TCSB's warranties (in the event the indemnifying party is TCSB) or undertakings whether contained in the Subscription Agreement or in any agreement, certificate or other document delivered pursuant to the Subscription Agreement is untrue or misleading in all material respects or has been breached in all material respects and in which judgment is given for the other party; and

(c) the enforcement of any settlement or judgment specified in paragraph (b) above.

4. Termination of Agreement

In the event any party ("**Defaulting Party**") shall have breached any terms and conditions (including any representations or warranties) or failed to comply with any of its obligations under the Subscription Agreement and if such breach is remediable, fails to remedy such breach within thirty (30) days immediately after the date the other party ("**Non-Defaulting Party**") gives written notice to the Defaulting Party, the Non-Defaulting Party shall be entitled to terminate the Subscription Agreement with immediate effect by giving written notice to the Defaulting Party before or on the Completion Date and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by the Non-Defaulting Party against the Defaulting Party for costs and expenses incurred by the Non-Defaulting Party up to the termination of the Subscription Agreement and each party's accrued rights and obligations at the date of termination.

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