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

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A member of **UEM Group**

**UEM SUNRISE BERHAD**

(Company No.: 830144-W)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSALS COMPRISING:**

- (I) **PROPOSED DISPOSAL OF AN OFFICE BLOCK TOGETHER WITH A COMMERCIAL AREA IN PUTERI HARBOUR, NUSAJAYA, ISKANDAR MALAYSIA, JOHOR BY UEM LAND BERHAD, A WHOLLY-OWNED SUBSIDIARY OF UEM SUNRISE BERHAD (“UEMS”), TO UEM GROUP BERHAD (“UEMG”) FOR A TOTAL CASH CONSIDERATION OF RM137.8 MILLION;**
- (II) **PROPOSED ISSUANCE OF UP TO 793.0 MILLION NEW REDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.01 EACH IN UEMS AT AN ISSUE PRICE OF RM1.00 EACH TO UEMG; AND**
- (III) **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF UEMS**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING (“EGM”)**

*Adviser*



**CIMB Investment Bank Berhad (18417-M)**

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of EGM and the Form of Proxy are set out in this Circular. Our EGM will be held as follows:

Date and time of EGM	:	Friday, 30 October 2015 at 9.30 a.m.
Venue of EGM	:	Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan
Last date and time for lodging the Form of Proxy	:	Wednesday, 28 October 2015 at 9.30 a.m.

This Circular is dated 8 October 2015

## DEFINITIONS

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The following definitions shall apply throughout this Circular unless the context requires otherwise:

Act	: Companies Act, 1965 and any amendments made thereto from time to time
BND	: Bandar Nusajaya Development Sdn Bhd, a wholly-owned subsidiary of UEML
BND Shares	: Ordinary shares of RM1.00 each in BND
BND-RCPS	: Redeemable convertible preference shares of RM1.00 each issued by BND
Board	: Board of Directors of UEMS
Bursa Securities	: Bursa Malaysia Securities Berhad
Certificate of Completion and Compliance	: Certificate of completion and compliance with respect to the Imperia Building
CIMB	: CIMB Investment Bank Berhad
Conversion Date	: Has the meaning as described in Section 2.2.1.3 of this Circular
Conversion Price	: Has the meaning as described in Section 2.2.1.3 of this Circular
Conversion Shares	: New UEMS Shares to be issued pursuant to the conversion of the UEMS-RCPS
Disposal Conditions Precedent	: Has the meaning as described in Section 2.1.2.4 of this Circular
Disposal Consideration	: The consideration for the disposal of the Imperia Building of RM137.8 million, inclusive of GST of RM7.8 million
Dividend Rate	: Has the meaning as described in Section 2.2.1.3 of this Circular
EGM	: Extraordinary general meeting
EPS	: Earnings per share
FYE	: Financial year ended/ending
GDV	: Gross development value
GST	: Goods and services tax
Imperia Building	: An office block together with a commercial area in Puteri Harbour, Nusajaya, Iskandar Malaysia, Johor erected on the Land
Imperia SPA	: Sale and purchase agreement entered into by UEML (together with BND, as the registered owner of the Land) with UEMG for the disposal by UEML of the Imperia Building to UEMG
IRB	: Inland Revenue Board
Issuance Date	: Date of issue of the UEMS-RCPS
Issue Price	: Issue price of RM1.00 per UEMS-RCPS
Khazanah	: Khazanah Nasional Berhad
Knight Frank	: Knight Frank Malaysia Sdn Bhd
Land	: Parcel of land identified as Geran 509609, Lot No. 194439 (formerly held under H.S.(D) 458137, Lot No. PTD 166962), Mukim of Pulai, District of Johor Bahru, State of Johor
LPD	: 18 September 2015, being the latest practicable date before the printing of this Circular

## DEFINITIONS (cont'd)

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MCRPS	: Mandatory convertible redeemable preference shares of RM0.01 each in UEMS of which 154,914,002 MCRPS were issued to UEMG (as nominee of UEM Construction Sdn Bhd) and Hartanah Lintasan Kedua Sdn Bhd on 8 January 2009 at an issue price of RM1.00 each as full satisfaction of the purchase consideration for various land parcels and 100% equity interest in Finwares Sdn Bhd, and were fully converted into UEMS Shares on 18 December 2013
NA	: Net assets
Proposals	: Collectively, the Proposed Disposal, the Proposed RCPS Issuance and the Proposed Amendments
Proposed Amendments	: Proposed amendments to the Memorandum and Articles of Association of UEMS to facilitate the issuance of the UEMS-RCPS and to streamline the share capital of UEMS by reclassifying the MCRPS in UEMS' authorised share capital to UEMS Shares
Proposed Disposal	: Proposed disposal of the Imperia Building by UEML to UEMG for a total cash consideration of RM137.8 million
Proposed RCPS Issuance	: Proposed issuance of up to 793.0 million new UEMS-RCPS at the Issue Price to UEMG
Proposed Redemption	: Proposed redemption of 450,000,000 BND-RCPS issued to UEMG on 28 November 2005
RCPS	: Redeemable convertible preference shares
RCPS Subscription Agreement	: Subscription agreement dated 17 September 2015 entered into between UEMS and UEMG in relation to the Proposed RCPS Issuance
Redemption Date	: Has the meaning as described in Section 2.2.1.3 of this Circular
RM and sen	: Ringgit Malaysia and sen, respectively
Sq ft	: Square feet
UEMG or Subscriber	: UEM Group Berhad
UEML	: UEM Land Berhad, a wholly-owned subsidiary of UEMS
UEMS or Company	: UEM Sunrise Berhad
UEMS Shares	: Ordinary shares of RM0.50 each in UEMS
UEMS-RCPS	: Redeemable convertible preference shares of RM0.01 each in UEMS
Valuation Certificate	: Valuation certificate dated 30 June 2015 in relation to the market valuation of the Imperia Building as appraised by Knight Frank
Valuation Report	: Valuation report dated 30 June 2015 in relation to the market valuation of the Imperia Building as appraised by Knight Frank
VWAP	: Volume weighted average market price

All references to "**our Company**" or "**UEMS**" in this Circular are to UEM Sunrise Berhad and references to "**our Group**" or "**UEMS Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context otherwise requires, our subsidiaries.

All references to "**you**" in this Circular are to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations.

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

Any reference to a time of day and date in this Circular is a reference to Malaysian time and date, respectively.

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A member of **UEM Group**

**UEM SUNRISE BERHAD**  
(Company No.: 830144-W)  
(Incorporated in Malaysia under the Act)

**Registered office:**  
19-2, Mercur UEM  
Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

8 October 2015

**Directors:**

Tan Sri Dr Ir Ahmad Tajuddin Ali (*Non-Independent Non-Executive Chairman*)  
Anwar Syahrin bin Abdul Ajib (*Managing Director / Chief Executive Officer*)  
Dato' Mohd Izzaddin Idris (*Non-Independent Non-Executive Director*)  
Oh Kim Sun (*Senior Independent Non-Executive Director*)  
Sheranjiv M. Sammanthan (*Non-Independent Non-Executive Director*)  
Professor Philip Sutton Cox (*Independent Non-Executive Director*)  
Lim Tian Huat (*Independent Non-Executive Director*)  
Dato' Srikandan Kanagainthiram (*Independent Non-Executive Director*)  
YM Ungku Suseelawati Ungku Omar (*Independent Non-Executive Director*)

**To the Shareholders of UEMS**

Dear Sir/Madam

- (I) **PROPOSED DISPOSAL**
  - (II) **PROPOSED RCPS ISSUANCE**
  - (III) **PROPOSED AMENDMENTS**
- 

**1. INTRODUCTION**

On 3 April 2015, CIMB announced on behalf of UEMS that, UEMS had entered into a share subscription agreement with UEMG for the proposed allotment and issuance of 524,399,546 new UEMS Shares, representing approximately 11.6% of the existing issued and paid-up share capital of UEMS, at an issue price of RM1.47 per UEMS Share to be satisfied in cash.

On 30 June 2015, CIMB announced on behalf of UEMS that, UEML (together with BND, as the registered owner of the parcel of land identified as Geran 509609, Lot No. 194439 (formerly held under H.S.(D) 458137, Lot No. PTD 166962), Mukim of Pulai, District of Johor Bahru, State of Johor), entered into a sale and purchase agreement with UEMG for the disposal by UEML of the Imperia Building to UEMG for a total consideration of RM137.8 million, inclusive of GST of RM7.8 million, to be satisfied entirely in cash.

In addition, on 17 September 2015, CIMB announced on behalf of UEMS that, UEMS had in mutual agreement with UEMG, terminated the share subscription agreement dated 3 April 2015 for the proposed allotment and issuance of 524,399,546 new UEMS Shares at an issue price of RM1.47 per UEMS Share, which is replaced by a subscription agreement for the proposed issuance of up to 793.0 million new UEMS-RCPS, redeemable and/or convertible into UEMS Shares, with UEMG in light of recent movements in the market price of UEMS Shares.

Pursuant to the Proposed RCPS Issuance and to streamline the share capital of UEMS, UEMS proposes to amend its Memorandum and Articles of Association to facilitate the issuance of the UEMS-RCPS and to reclassify the MCRPS in UEMS' authorised share capital to UEMS Shares.

The purpose of this Circular is to provide you with the details of the Proposals, and to seek your approval for the resolutions pertaining to the Proposals which will be tabled at UEMS' forthcoming EGM. The Notice of EGM and the Form of Proxy are enclosed with this Circular.

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT UEMS' FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSALS

### 2.1 Details of the Proposed Disposal

#### 2.1.1 Description of the Imperia Building

The Imperia Building consists of a 16-storey office tower with a 3-storey podium car-park and 7 retail lots, together with 13 retail lots on the ground floor of a service apartment block and 251 basement car-park bays, the total strata parcel area of which measures approximately 429,235 sq ft.

The Imperia Building is 100% completed and the Certificate of Completion and Compliance was obtained on 9 August 2015.

The Imperia Building is strategically located along Persiaran Puteri Selatan, within Puteri Harbour, a premium waterfront development along the Straits of Johor in Nusajaya. Geographically, the Imperia Building is located about 21 kilometres by road due south-west of Johor Bahru city centre.

Other salient information on the Imperia Building is as set out below:

Registered owner	:	BND
Title details	:	Geran 509609, Lot No. 194439 (formerly held under H.S.(D) 458137, Lot No. PTD 166962), Mukim of Pulai, District of Johor Bahru, State of Johor
Tenure	:	Freehold
Category of land use	:	Building
Land area	:	Approximately 143,985 sq ft
Gross floor area	:	476,732 sq ft
Strata parcel area	:	429,235 sq ft
Expected rental income	:	RM12.0 million annually <sup>(1)</sup>
Market value	:	RM124.8 million (as at 10 April 2015, refer Section 2.1.3(i) for further details)
Audited net book value as at 31 December 2014	:	RM69.9 million <sup>(2)</sup>
Encumbrance	:	30-year lease on part of the Land, measuring approximately 13,947 sq ft, commencing from 16 September 2014 and ending on 15 September 2044 registered in favour of Tenaga Nasional Berhad via Presentation No. 99534/2014 (" <b>TNB Lease</b> ")
Estimated gross development profit	:	RM20.3 million <sup>(3)</sup>

**Notes:**

- (1) *Being the expected rental income per annum generated if the entire Imperia Building were to be tenanted (assuming full occupancy), based on the following market-derived parameters:*

	<u>Office</u>	<u>Retail</u>	<u>Car-park bays</u>
Area (sq ft) / no. of bays	170,824	26,469	442
Average monthly gross rental (RM per sq ft or RM per bay)	4.20	8.50	140.00

- (2) *Net book value comprises specific costs incurred up to 31 December 2014 for the building and common costs allocated for both residential and commercial components of the project. The estimated total development costs for the Imperia Building are approximately RM107.7 million. The balance cost will be accrued based on construction work to be completed by the contractor, as well as fees and other development costs incurred after 31 December 2014, less any potential savings that may be realised upon finalisation of the project accounts.*
- (3) *Calculated based on the Company's original estimated GDV (excluding GST) for the Imperia Building of approximately RM128.0 million less the estimated total development costs of approximately RM107.7 million, assuming the Proposed Disposal does not take place.*

## **2.1.2 Salient terms of the Imperia SPA**

### **2.1.2.1 Disposal**

The Proposed Disposal involves the disposal by UEML of the Imperia Building, free from all encumbrances (save for the TNB Lease) and subject to all express and implied conditions and restrictions in interest contained in the issue document of titles in respect of the Imperia Building, and upon the terms and conditions contained in the Imperia SPA.

### **2.1.2.2 Tenancy**

Pursuant to the execution of the Imperia SPA, UEMG and UEML will also execute a tenancy agreement upon the delivery of the vacant possession of the Imperia Building by UEML to UEMG, or such other date as may be mutually agreed by UEML and UEMG, whereby UEMG will grant UEML tenancy of the entire Imperia Building upon the terms and conditions to be mutually agreed between the parties, which are yet to be finalised at this juncture (similar to a sale and leaseback arrangement).

### **2.1.2.3 Disposal Consideration and completion**

The entire Disposal Consideration shall be paid by UEMG on a date falling on or before the expiry of the completion period ("**Completion Date**") failing which UEMG shall pay UEML late payment interest, on any outstanding amount of the Disposal Consideration at the rate of 10% per annum calculated from the expiry of the completion period to the date of receipt of such outstanding payment based on a 365-day year on the actual number of days elapsed together with the outstanding amount of the Disposal Consideration. The completion period shall be 1 month from the Unconditional Date (as defined below) or any period as may be mutually agreed by UEML and UEMG.

### **2.1.2.4 Disposal Conditions Precedent**

The Imperia SPA is conditional upon the following conditions precedent being satisfied within a period of 3 months from the date of the Imperia SPA or such longer period as may be mutually agreed by UEML and UEMG:

- (i) UEML obtaining the Certificate of Completion and Compliance from the relevant authority; and
- (ii) UEML, UEMS, BND and UEMG obtaining the approval of their respective board of directors and/or shareholders (if required) to enter into the Imperia SPA,



(collectively referred to as the “**Disposal Conditions Precedent**”).

The Imperia SPA shall become unconditional on the date that the last Disposal Condition Precedent is met (“**Unconditional Date**”).

On 30 September 2015, UEML and UEMG have mutually agreed to extend the period for the fulfilment of the Disposal Conditions Precedent to 27 November 2015 to accommodate the additional time required to obtain the approval of the non-interested shareholders of UEMS at an EGM to be convened.

#### **2.1.2.5 Termination and specific performance**

Upon the occurrence of any of the following events:

- (i) BND and/or UEML failing to observe or perform or otherwise being in breach of any of the provisions of the Imperia SPA before the Completion Date; or
- (ii) a petition for the winding-up of BND and/or UEML is presented before the Completion Date (other than (a) a petition of a frivolous nature or; (b) a petition pursuant to a members’ voluntary liquidation and presented with UEMG’s prior written consent) or a resolution for the winding up of BND and/or UEML is passed before the Completion Date (other than a resolution for a members’ voluntary liquidation passed with UEMG’s prior written consent); or
- (iii) a receiver and/or manager is appointed over the assets of BND and/or UEML and such receiver and/or manager is not removed within 14 days of such appointment or BND and/or UEML have entered into any composition or arrangement with any of their creditors or BND and/or UEML or any of its creditors or shareholders has obtained a restraining order under Section 176 of the Act before the Completion Date,

BND and/or UEML would be deemed to be in breach of the Imperia SPA and UEMG shall be entitled to require BND and/or UEML to rectify such breach within 14 days or such other period as may be imposed by the relevant authorities which shall not exceed a period of 3 months from the date of UEMG’s written notice to UEML.

If BND and/or UEML fails to rectify the breach within the stipulated period, UEMG shall be entitled at the cost and expense of UEML and at UEMG’s sole discretion to terminate the Imperia SPA by notice to UEML, after which UEML shall, within 14 days from the receipt of notice of termination, refund all monies paid towards the Disposal Consideration<sup>(1)</sup> and claim for such other remedies as may be available to UEMG.

UEML may pursue an action for specific performance and UEMG shall pay all the costs incurred by both parties, or may give UEMG or its solicitors not less than 14 days notice in writing to treat the Imperia SPA as having been repudiated, if UEMG:

- (i) fails to pay any portion of the Disposal Consideration and/or any late payment interest for any reason whatsoever which is not remedied within 14 days from the date of receipt of a written notice from UEML; or
- (ii) fails to pay any sum payable under the Imperia SPA within the time stipulated for payment; or

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(1) Excluding interest, if any.

- (iii) commits any breach of or fails to perform or observe any term or condition contained in the Imperia SPA; or
- (iv) becomes insolvent or enters into any composition or arrangement with its creditors or enters into liquidation before the full payment of the Disposal Consideration,

and unless in the meanwhile such default and/or alleged breach is rectified or such unpaid payments are paid, the Imperia SPA shall at the expiration of the aforementioned notice, be deemed to be annulled. In such events, UEML is entitled to deal with or otherwise dispose of the Imperia Building in a manner it sees fit and any portion of the Disposal Consideration previously paid by UEMG to UEML, excluding any late payment interest paid, shall be paid to UEML. Thereafter, neither UEML nor UEMG shall have any further claim against the other for costs, damages, compensation or otherwise pursuant to the Imperia SPA.

#### **2.1.2.6 Delivery of vacant possession**

Vacant possession of the Imperia Building shall be delivered to UEMG within 3 business days from the Completion Date.

If UEML fails to deliver vacant possession of the Imperia Building within the period as stipulated above, UEML shall pay UEMG liquidated damages amounting to 10% per annum of the Disposal Consideration (being the standard industry practice) calculated at a daily rate from the expiry date of the delivery of vacant possession until the date of actual delivery of vacant possession of the Imperia Building.

#### **2.1.3 Basis of arriving at Disposal Consideration**

The Disposal Consideration was arrived at on a willing buyer willing seller basis after taking into consideration the following:

- (i) The market valuation of the Imperia Building as appraised by Knight Frank on 10 April 2015 as set out in its Valuation Report of RM124.8 million ("**Market Valuation**") using the investment method of valuation, which involves the capitalisation of the net income stream that is expected to be received from the Imperia Building after deducting the annual outgoings and other operating expenses incidental to the Imperia Building with allowance for void by using an appropriate market derived capitalisation rate.

This investment method of valuation was the most appropriate method of valuation given that the Imperia Building will be a commercial and income-generating property. The comparison method of valuation is deemed not feasible due to the lack of adequate sales comparables in the vicinity of the Imperia Building and therefore, qualitative and quantitative adjustments are more difficult to be computed to reflect the differences of the comparables and the Imperia Building. Please refer to the Valuation Certificate in Appendix I of this Circular for further information; and

- (ii) Realisation of potential future earnings of the Imperia Building, as presently, there is limited supply of purpose-built high-rise office buildings and retail malls in Puteri Harbour and Medini. The Imperia Building is anticipated to meet the expected increase in demand for the abovementioned sectors as the development and foreign direct investment in the state gather momentum.

The Disposal Consideration, less GST of RM7.8 million, represents a premium of approximately 4.2% to the Market Valuation.

#### 2.1.4 Original cost of investment

The Imperia Building is being developed on the Land which was acquired by BND between May 1994 and June 1995 for a total consideration of approximately RM307,000. The land and development costs incurred by UEMS for the development of the Imperia Building up to completion are estimated to be RM107.7 million. The development costs have been funded via bank borrowings and internally generated funds.

#### 2.1.5 Liabilities to be assumed by UEMG

There are no liabilities (including contingent liabilities and/or guarantees) to be assumed by UEMG as a result of the Proposed Disposal.

#### 2.1.6 Utilisation of proceeds

The gross proceeds of RM130.0 million (net of GST) arising from the Proposed Disposal are expected to be utilised by the UEMS Group to redeem part of the 450,000,000 BND-RCPS issued by BND to UEMG on 28 November 2005, which were treated as part settlement of the outstanding loan of RM800.0 million previously granted by Khazanah which was transferred to UEMG, within 1 month from the date of this Circular.

By way of background, under a loan agreement dated 27 June 2003 entered into between Khazanah and BND, Khazanah had extended a RM800.0 million loan to BND to be fully repaid on 30 June 2005 ("**Loan Agreement**"). On 24 June 2005, Khazanah transferred the Loan Agreement inclusive of the amount owing by BND to Khazanah of approximately RM891.7 million as at 31 May 2005, of which RM91.7 million consisted of interest payable ("**Transferred Amount**"), to UEMG ("**Transfer**").

Following the Transfer, on 9 August 2005, BND and UEMG entered into the following agreements for the purpose of refinancing the Transferred Amount:

- (i) a subscription agreement for the issuance of the 450,000,000 BND-RCPS, amounting to RM450.0 million; and
- (ii) a 7-year term loan agreement at an interest rate of 7.5% per annum, with the principal amount being the sum of RM441.7 million and interest payable on the Transferred Amount, which is calculated at the rate of 6.5% per annum, from 1 June 2005 until the effective date of the agreement, which had been fully repaid by BND on 29 April 2010.

The principal terms of the BND-RCPS are as follows:

Issue	:	450,000,000 BND-RCPS
Issuance Price	:	RM1.00 per BND-RCPS
Issuance Amount	:	RM450,000,000
Tenure	:	10 years
Maturity Date	:	27 November 2015
Conversion	:	The BND-RCPS can be converted at the conversion price of RM16.18 per BND-RCPS for 1 BND Share.
Conversion Price	:	RM16.18 per BND-RCPS for 1 BND Share.
Conversion Period	:	(i) The BND-RCPS may be converted at any time after the date of issue of the BND-RCPS at the option of UEMG. (ii) Any remaining BND-RCPS that are not converted or redeemed by the expiry of the tenure of the BND-RCPS shall be automatically converted into new BND Shares.

- Redemption : The BND-RCPS are redeemable at the option of BND at the redemption price at any time during the tenure of the BND-RCPS.
- Redemption Price : If redeemed, BND shall in respect of each BND-RCPS to be redeemed, pay UEMG a sum that together with the aggregate of all dividends paid on the BND-RCPS to be redeemed from the date of issuance of the BND-RCPS to the date of redemption of the BND-RCPS, will result in an effective yield, on the issuance price of the BND-RCPS to be redeemed, of 7.5% per annum compounded yearly for the period from the date of issuance of the BND-RCPS to the date of redemption of the BND-RCPS.

The BND-RCPS will mature on 27 November 2015. The total redemption amount assuming all the BND-RCPS are redeemed in end October 2015 is approximately RM922.8 million<sup>(2)</sup>.

The Proposed Redemption will be effected via the proceeds from the Proposed Disposal and the Proposed RCPS Issuance, as detailed further in Section 2.2 below.

## 2.2 Details of the Proposed RCPS Issuance

### 2.2.1 Salient terms of the RCPS Subscription Agreement

The salient terms of the RCPS Subscription Agreement are as set out below:

#### 2.2.1.1 Subscription

Subject to the terms and conditions of the RCPS Subscription Agreement, UEMG agrees to subscribe for up to 793.0 million UEMS-RCPS at the Issue Price for an aggregate sum of up to RM793.0 million, to be satisfied fully in cash.

#### 2.2.1.2 Conditions precedent

The Proposed RCPS Issuance shall be conditional upon the following:

- (i) the approval of the non-interested shareholders of the Company being obtained for the issuance by the Company of the UEMS-RCPS to UEMG (being the Subscriber) and for the necessary amendments to be made to the Memorandum and Articles of Association of the Company to facilitate the issuance of the UEMS-RCPS at a general meeting to be convened; and
- (ii) the amendments being made to the Memorandum and Articles of Association of the Company.

#### 2.2.1.3 Salient terms of the UEMS-RCPS

The salient terms of the UEMS-RCPS are as follows:

- Issuer : UEMS
- Subscriber : UEMG
- Issue Size : Up to 793.0 million UEMS-RCPS
- Issue Price : RM1.00 per UEMS-RCPS
- Par Value : RM0.01 per UEMS-RCPS
- Tenure : 60 months

(2) *The total redemption amount of the BND-RCPS is calculated as follows:*  
*Issuance amount x (1 + Effective yield per annum)<sup>Number of years since issuance</sup>*  
*= RM450,000,000 x (1 + 7.5%)<sup>9.93</sup>*  
*= RM922.8 million*

Maturity Date : On the day falling 60 months from the Issuance Date unless the tenure of the UEMS-RCPS, if permitted by law, is otherwise extended by UEMS and the Subscriber.

Dividend and Dividend Rate : UEMS shall have the sole discretion to decide whether to annually declare, any non-cumulative dividend and the quantum of such dividend to the Subscriber, provided always that:

- (i) such dividend shall not be more than 4.75 sen per UEMS-RCPS; and
- (ii) if dividends are declared to its ordinary shareholders, then dividends in respect of the UEMS-RCPS shall be paid to the Subscriber in preference.

Conversion Value and Redemption Value : The UEMS-RCPS shall be converted or redeemed, at the value of each outstanding UEMS-RCPS on the Conversion Date (as defined below) or Redemption Date (as defined below) (as the case may be) based on the following calculation:

Redemption Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Redemption Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Redemption Date (as defined below)

Conversion Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Conversion Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Conversion Date (as defined below)

Where:

*Carrying Value 4 = (Carrying Value 3 x 1.05) - any dividends declared for the period from the 37th to the 48th month from the Issuance Date*

*Carrying Value 3 = (Carrying Value 2 x 1.05) - any dividends declared for the period from the 25th to the 36th month from the Issuance Date*

*Carrying Value 2 = (Carrying Value 1 x 1.05) - any dividends declared for the period from the 13th to the 24th month from the Issuance Date*

*Carrying Value 1 = (Issue Price x 1.05) - any dividends declared for the period from the Issuance Date to the 12th month from the Issuance Date*

Conversion Period : (i) The UEMS-RCPS may be converted at any time after the 54th month from the Issuance Date at the option of the Subscriber at the Conversion Price into Conversion Shares.

- (ii) Any remaining UEMS-RCPS that are not converted or redeemed by the expiry of the Tenure of the UEMS-RCPS shall be automatically converted into Conversion Shares at the Conversion Price.

Conversion Price : RM1.60 per UEMS-RCPS for 1 UEMS Share, subject to adjustments, if any.

Fractional Entitlements : UEMS shall have the sole discretion to deal with any fractional entitlements that may arise from the conversion.

- Adjustment to Conversion Price : (i) UEMS shall make the necessary adjustment to the Conversion Price in the event of any alteration to its share capital occurring prior to the expiry of the Conversion Period, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares, employee share option scheme (save for the existing scheme) or reduction of capital howsoever being effected, in accordance with the provisions of its Articles of Association.
- (ii) The Conversion Price shall also be similarly adjusted in the event of any alteration to the share capital of UEMS on or before the Issuance Date.
- (iii) The Conversion Price shall not in any event be lower than the par value of the UEMS Shares of RM0.50 each.
- Conversion Mechanism : (i) The right to convert all or part of the UEMS-RCPS shall be exercisable by the Subscriber by completing a notice in writing ("**Conversion Notice**") stating in such notice the number of the UEMS-RCPS to be converted and the applicable Conversion Price. The Conversion Notice shall be delivered to the Company during business hours on a business day together with the share certificate(s) in respect of such UEMS-RCPS to be converted.
- (ii) The subsequent business day following receipt of the Conversion Notice by the Company ("**Conversion Date**"), the Company Secretary shall record the conversion, whereupon the conversion shall be deemed to have taken effect and cancel the UEMS-RCPS that have been converted and issue such number of fully paid UEMS Shares in the capital of the Company within 5 business days from the Conversion Date.
- (iii) Where there is a partial conversion of the UEMS-RCPS represented by a share certificate, UEMS shall where necessary, cancel the share certificate and issue a new certificate in respect of the unconverted UEMS-RCPS and deliver the same to the Subscriber.

For the avoidance of doubt, the number of Conversion Shares to be issued to the Subscriber shall be calculated in accordance with the following formula:

$$\text{Number of Conversion Shares} = \frac{\text{Conversion Value}}{\text{Conversion Price}}$$

- Redemption Period : The UEMS-RCPS are redeemable at the option of UEMS at the Redemption Price at any time after the 48th month from the Issuance Date for a period of 6 months (up to the 54th month from the Issuance Date).
- Redemption Price : If redeemed, UEMS shall in respect of each UEMS-RCPS to be redeemed, pay the Subscriber the Redemption Value.

- Redemption Mechanism : (i) The right to redeem all or part of the UEMS-RCPS shall be exercisable by the Company by completing and delivering a notice in writing to the Subscriber ("**Redemption Notice**") stating in such notice the number of the UEMS-RCPS to be redeemed, the date of redemption (which shall be a day falling 5 business days from the date of the Redemption Notice) ("**Redemption Date**") and the applicable Redemption Price as at the Redemption Date. The Subscriber shall return the share certificates in respect of such UEMS-RCPS to the Company on or before the Redemption Date.
- (ii) On the Redemption Date, the Company shall pay the applicable Redemption Price and the Company Secretary shall record the redemption, whereupon the redemption shall be deemed to have taken effect and cancel the UEMS-RCPS that have been redeemed.
- (iii) Where there is a partial redemption of the UEMS-RCPS represented by a share certificate, UEMS shall where necessary, cancel the share certificate and issue a new certificate in respect of the unredeemed UEMS-RCPS and deliver the same to the Subscriber.
- (iv) Where a Redemption Notice has been issued in respect of any UEMS-RCPS, a Conversion Notice shall not be issued in respect of those UEMS-RCPS.
- Listing : The UEMS-RCPS will not be listed on any stock exchange.
- Status : (i) The UEMS-RCPS shall rank in priority to UEMS Shares in the event of liquidation, dissolution, winding up or other repayment of capital of UEMS for the Redemption Value provided that upon the full conversion or redemption of the UEMS-RCPS, the Subscriber shall have no further right to participate in the surplus assets or profits of UEMS.
- (ii) In the event that UEMS has insufficient surplus assets to permit payment of the Redemption Value to the Subscriber, the surplus assets of UEMS shall be distributed rateably to the Subscriber in proportion to the amount that each Subscriber would otherwise be entitled to receive.
- Ranking : (i) The UEMS-RCPS shall rank pari passu among themselves in respect of the right to receive Dividends out of distributable profits.
- (ii) The Conversion Shares to be issued upon conversion of the UEMS-RCPS shall upon allotment and issue rank equal in all respects with the then existing UEMS Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the allotment date of the Conversion Shares.

- Rights : Prior to conversion of the UEMS-RCPS, the Subscriber shall not have the right to vote at any general meeting of UEMS in respect of its holding of UEMS-RCPS except in the following circumstances:
- (i) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the UEMS-RCPS;
  - (ii) upon any resolution for the winding-up of UEMS and during the winding-up of UEMS;
  - (iii) during such period as any dividends on the UEMS-RCPS may have been declared but remains in arrears and unpaid for more than 6 months;
  - (iv) on a proposal to reduce the Company's share capital; and
  - (v) on a proposal for the disposal of the whole of the Company's property, business and undertaking.

#### **2.2.1.4 Termination**

In the event the Subscriber whether by acts of omission or commission fails to carry out any necessary obligation on its part which is required for the completion of the RCPS Subscription Agreement or otherwise fails to complete the RCPS Subscription Agreement, the Company shall be entitled, by giving notice in writing to the Subscriber, to terminate the RCPS Subscription Agreement and thereafter claim for damages and cost incurred and to be incurred in respect of the RCPS Subscription Agreement. Alternatively, the Company may elect to enforce specific performance of the RCPS Subscription Agreement against the Subscriber.

In the event the Company shall fail to proceed to completion or the Company is in breach of any of the terms of the RCPS Subscription Agreement, or the Company whether by acts of omission or commission fails to carry out any necessary obligation on its part which is required for the completion of the RCPS Subscription Agreement, the Subscriber is entitled to terminate the RCPS Subscription Agreement by giving notice in writing to the Company and to claim for damages against the Company. Alternatively, the Subscriber may elect to enforce specific performance of the RCPS Subscription Agreement against the Company or to waive the breach and proceed to completion. Waiver of any breach shall be without prejudice to the right of the Subscriber to bring a claim against the Company for damages.

### **2.2.2 Basis of determining the Issue Price, the Conversion Price and the Dividend Rate**

#### **2.2.2.1 Issue Price**

The Issue Price of RM1.00 each for the UEMS-RCPS is determined after taking into account the aggregate proceeds of up to RM793.0 million to be raised for the part redemption of the 450,000,000 BND-RCPS issued to UEMG on 28 November 2005 (as detailed in Section 2.1.6 above).

#### **2.2.2.2 Conversion Price**

The Conversion Price of the UEMS-RCPS was arrived at after negotiations with UEMG, after taking into consideration the following:

- (i) audited consolidated NA per UEMS Share of RM1.40 as at 31 December 2014, which implies a price-to-book ratio of approximately 1.1 times;



- (ii) future earnings potential of UEMS given its existing and pipeline property development projects in the domestic and international markets such as East Ledang, Estuari, Teega, Almas and Gerbang Nusajaya in Johor; Arcoris Mont'Kiara, Residensi 22, Residensi Sefina and Serene Heights in the Klang Valley; and Aurora Melbourne Central and the Conservatory in Australia;
- (iii) prevailing market conditions, including but not limited to the market price of the UEMS Shares as at 17 September 2015, being the date of execution of the RCPS Subscription Agreement, of RM1.07; and
- (iv) terms of the UEMS-RCPS, including but not limited to the tenure, yield and redemption right of UEMS on the UEMS-RCPS.

The Conversion Price represents a premium of approximately 48.2%, 59.3% and 60.0% to the 5-day, 1-month and 3-month volume weighted average market price of UEMS Shares of RM1.080, RM1.004 and RM1.000 respectively, up to and including the LPD.

#### **2.2.2.3 Dividend Rate**

There is no fixed Dividend Rate for the UEMS-RCPS and UEMS has the sole discretion to decide on the quantum of any annual non-cumulative dividend to be declared on the UEMS-RCPS subject to a maximum of 4.75 sen per UEMS-RCPS. The maximum Dividend Rate of the UEMS-RCPS was arrived at after negotiations with UEMG, after taking into consideration the ability of UEMS to finance the dividend and prevailing market conditions.

#### **2.2.3 Listing of and quotation for the UEMS-RCPS**

The UEMS-RCPS will not be listed on the Main Market of Bursa Securities. However, with regards to the Conversion Shares, on 7 October 2015, Bursa Securities had approved the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities.

#### **2.2.4 Utilisation of proceeds**

Based on the Issue Price and the issuance of up to 793.0 million UEMS-RCPS pursuant to the Proposed RCPS Issuance, UEMS is expected to raise gross proceeds of up to approximately RM793.0 million, which are expected to be utilised by the UEMS Group to redeem part of the 450,000,000 BND-RCPS issued by BND to UEMG, within 1 month from the date of this Circular.

#### **2.2.5 Underwriting**

The UEMS-RCPS to be issued pursuant to the Proposed RCPS Issuance will not be underwritten.

### **2.3 Details of the Proposed Amendments**

The Proposed Amendments will involve amendments to the relevant clauses and articles of the Memorandum and Articles of Association of UEMS to facilitate the issuance of the UEMS-RCPS under the Proposed RCPS Issuance as well as to streamline the share capital of UEMS by reclassifying the MCRPS in UEMS' authorised share capital to UEMS Shares.

Please refer to Appendix II of this Circular for further details on the Proposed Amendments.

### **3. INFORMATION ON THE ENTITIES**

#### **3.1 INFORMATION ON BND**

BND, an indirect wholly-owned subsidiary of UEMS, was incorporated in Malaysia under the Act on 19 November 1992 under the name of Pembangunan Lintasan Kedua Sdn Bhd and subsequently changed its name to Prolink Development Sdn Bhd on 3 May 1994. On 13 August 2004, it assumed its present name.

The principal activities of BND are investment holding, property development and land trading and as agent for its subsidiaries.

The existing directors of BND are Anwar Syahrin bin Abdul Ajib, Datin Paduka Hajah Norsiah Binti Haron, Azhar bin Othman and Dato' Roslan bin Ibrahim.

#### **3.2 INFORMATION ON UEMG**

UEMG was incorporated in Malaysia under the Companies Ordinances, 1940-1946 on 10 March 1966 as United Engineers (Malaysia) Limited. It changed its name to United Engineers (Malaysia) Sdn Berhad on 15 April 1966. On 19 May 1975, it was converted into a public company and changed its name to United Engineers (Malaysia) Berhad.

UEMG was listed on the Official List of Bursa Securities on 10 July 1975. On 15 October 2001, it was taken private and delisted from the Official List of Bursa Securities. On 23 January 2007, UEMG assumed its present name.

The principal activities of UEMG are project design, management and contracting in the fields of civil, electrical and mechanical engineering, the undertaking of turnkey projects and investment holding. The principal activities of UEMG's subsidiaries, joint ventures and associated companies include expressways, engineering and construction, township and property development as well as asset and facility management.

The existing directors of UEMG are Tan Sri Dr Ir Ahmad Tajuddin Ali, Dato' Mohd Izzaddin Idris, Dato' Seri Ismail Shahudin, Abdul Kadir Md Kassim, Dato' Noorazman Abd Aziz, Zaiviji Ismail Abdullah, Tan Sri Dato' Ir Omar Ibrahim, Wong Shu Hsien and Lim Tau Kien. As at the LPD, UEMG is a wholly-owned subsidiary of Khazanah and holds 66.1% equity interest in UEMS.

#### **3.3 INFORMATION ON UEML**

UEML, a wholly-owned subsidiary of UEMS, was incorporated in Malaysia under the Act on 7 October 1982 as a public limited company under the name Renong Berhad. It was listed on the then Main Board of Bursa Securities on 27 January 1984 and subsequently delisted on 14 November 2003. It was also listed on the Stock Exchange of Singapore Ltd on 31 January 1984 and subsequently delisted on 1 January 1990.

On 10 December 2003, it assumed its present name. On 27 December 2003, it was converted into a private limited company following a group-wide restructuring scheme by UEMG. On 9 April 2008, UEML was re-converted into a public company.

The principal activities of UEML are property development, property investment, project procurement and management and strategic investment holding.

The existing directors of UEML are Anwar Syahrin bin Abdul Ajib, Azhar bin Othman and Dato' Roslan bin Ibrahim.

### **4. RATIONALE FOR THE PROPOSALS**

The Proposed RCPS Issuance and Proposed Disposal will provide UEMS with the necessary funds to effect the redemption of 450,000,000 BND-RCPS as detailed in Sections 2.1.6 and 2.2.4 above.

In the event that the BND-RCPS are not redeemed, the BND-RCPS will be automatically converted into BND Shares upon its maturity on 27 November 2015, resulting in UEMG having a direct stake in BND of approximately 21.8%, which will result in a reduction on the future earnings contribution of BND to the UEMS Group. The details of the current and pipeline projects of the UEMS Group which are developed, to be developed and/or located on lands held under BND and/or its subsidiaries, are as follows:

<b>Project</b>	<b>Location</b>	<b>Land area</b>	<b>Estimated GDV</b>
		<b>acres</b>	<b>RM million</b>
<b>Current</b>			
East Ledang	Nusajaya	139.2	6,158.0
Nusa Idaman	Nusajaya	23.2	1,890.0
Nusa Bayu	Nusajaya	36.1	1,318.0
Estuari	Nusajaya	346.6	7,469.0
Serene Heights	Selangor	421.1	3,298.0
Symphony Hills	Selangor	24.1	1,689.0
<b>Pipeline</b>			
Gerbang Nusajaya	Nusajaya	1,887.3	27,881.0
Citra Nusantara	Nusajaya	190.3	220.0
Denai Nusantara	Nusajaya	40.8	188.0
Signature Residences	Nusajaya	194.4	1,919.0

In addition, BND and/or its subsidiaries have approximately 3,186.2 acres of undeveloped landbank, out of which 781.2 acres are located in Nusajaya and 2,405.0 acres are located in Tapah, Perak.

Given that BND is expected to significantly contribute to the future earnings of the UEMS Group, the Board is of the view that it would be in the best interest of UEMS to raise funds at its level for the redemption of the BND-RCPS given its listed status, hence the Proposed RCPS Issuance.

The Proposed Disposal will allow the UEMS Group to unlock the value of its assets as UEMS is in a position to realise a gain on disposal of the Imperia Building of approximately RM16.7 million (as detailed further in Section 6.3 below) via the Proposed Disposal. With the Proposed Disposal, the UEMS Group will be able to preserve its existing funds for its future business plans and/or undertake new and appropriate investment opportunities to maximise shareholders' returns. Further, the Proposed Disposal allows the UEMS Group to dispose of the Imperia Building to UEMG, and to subsequently fully redeem the BND-RCPS, in an expeditious manner.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed RCPS Issuance is the most appropriate avenue of fund raising (after taking into consideration the funds raised from the Proposed Disposal) as the Proposed RCPS Issuance:

- (i) does not result in an immediate dilution to the interest of the existing non-interested shareholders of UEMS;
- (ii) enables the UEMS Group to preserve existing cash flow for reinvestment and/or operational purposes and enables the UEMS Group to maintain its gearing level; and
- (iii) is comparatively an efficient and expeditious way of raising the required quantum of funds as opposed to other forms of fund raising such as a rights issue exercise.

The Proposed RCPS Issuance will also increase UEMS' shareholders' funds and thereby strengthen the capital position of UEMS.

The Proposed Amendments will facilitate the issuance of the UEMS-RCPS under the Proposed RCPS Issuance and streamline the share capital of UEMS by reclassifying the MCRPS in its authorised share capital to UEMS Shares as the Company no longer has any outstanding MCRPS in issue.

## 5. RISK FACTORS FOR THE PROPOSED DISPOSAL

### 5.1 Completion risk

The completion of the Proposed Disposal is subject to the fulfilment of the Disposal Conditions Precedent of the Imperia SPA as set out in Section 2.1.2.4 above. In the event any of the Disposal Conditions Precedent are not fulfilled or waived, the Imperia SPA may be terminated and BND and UEML will not be able to complete the Proposed Disposal. Notwithstanding this, UEMS will take all reasonable steps to ensure the fulfilment of the Disposal Conditions Precedent, including obtaining the approvals/consents required which are within its control, for the purpose of completing the Proposed Disposal.

Nonetheless, in the event that the Proposed Disposal does not materialise for any reason, UEMS Group will still continue to own the Imperia Building and benefit from such ownership, either by leasing the Imperia Building to external tenants and/or being occupied by the UEMS Group.

### 5.2 Loss of potentially higher capital value of the Imperia Building

The Disposal Consideration is based on the prevailing market value of the Imperia Building as stated in the Valuation Report as well as the future earnings potential of the Imperia Building. Effecting the Proposed Disposal at this juncture could result in the UEMS Group not realising a potentially higher value of the Imperia Building if it was disposed of at a later date.

Nonetheless, undertaking the Proposed Disposal now gives rise to the potential benefits set out in Section 4 above. Further, there is no guarantee that UEMS will be able to realise a higher value of the Imperia Building by effecting the Proposed Disposal at a later date.

## 6. EFFECTS OF THE PROPOSALS

The effects of the Proposals are illustrated based on the following scenarios:

**Scenario 1** Assuming the maximum number of 793.0 million UEMS-RCPS will be redeemed by UEMS immediately after the 48th month from the Issuance Date, and no dividend is declared prior to full redemption of the UEMS-RCPS

**Scenario 2** Assuming the maximum number of 793.0 million UEMS-RCPS will be converted at the Conversion Price by UEMG at the Maturity Date through the issuance of 632,557,049 Conversion Shares<sup>(3)</sup>, and no dividend is declared prior to full conversion of the UEMS-RCPS

The Proposed Amendments will not have any effect on the issued and paid-up share capital, NA, NA per share, gearing, earnings, EPS and substantial shareholders' shareholdings of UEMS.

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(3) Based on the terms of the UEMS-RCPS as detailed in Section 2.2.1.3 above, the number of Conversion Shares is calculated as follows:  
Conversion Value / Conversion Price  
= (RM793,000,000 x 1.05 x 1.05 x 1.05 x 1.05 x 1.05) / RM1.60  
= 632,557,049 Conversion Shares

## 6.1 Issued and paid-up share capital

### Scenario 1

	No. of UEMS Shares	Amount	No. of UEMS- RCPS	Amount
	million	RM million	million	RM million
Issued and paid-up share capital of UEMS as at the LPD	4,537.4	2,268.7	-	-
After the Proposed RCPS Issuance	-	-	793.0	7.9
Redemption of the entire UEMS-RCPS after the 48th month from the Issuance Date	-	-	(793.0)	(7.9)
<b>Enlarged issued and paid-up share capital of UEMS</b>	<b>4,537.4</b>	<b>2,268.7</b>	<b>-</b>	<b>-</b>

### Scenario 2

	No. of UEMS Shares	Amount	No. of UEMS- RCPS	Amount
	million	RM million	million	RM million
Issued and paid-up share capital of UEMS as at the LPD	4,537.4	2,268.7	-	-
After the Proposed RCPS Issuance	-	-	793.0	7.9
Issuance of Conversion Shares pursuant to the conversion of the entire UEMS-RCPS at the Maturity Date	632.6	316.3	(793.0)	(7.9)
<b>Enlarged issued and paid-up share capital of UEMS</b>	<b>5,170.0</b>	<b>2,585.0</b>	<b>-</b>	<b>-</b>

The Proposed Disposal will not have any effect on the issued and paid-up share capital of UEMS as the Proposed Disposal does not involve any issuance of UEMS Shares.

## 6.2 NA, NA per share and gearing

Based on UEMS' latest audited consolidated balance sheet as at 31 December 2014, the proforma effects of the Proposed Disposal and the Proposed RCPS Issuance on the NA, NA per share and gearing of UEMS are as set out below<sup>(1)</sup>:

### Scenario 1

	Audited as at 31 December 2014	Proforma I – After the Proposed Disposal	Proforma II – After Proforma I, the Proposed RCPS Issuance and the Proposed Redemption	Proforma III – After Proforma II and the full redemption of the UEMS-RCPS
	RM million	RM million	RM million	RM million
Share capital	2,268.7	2,268.7	2,268.7	2,268.7
Share capital – RCPS	-	-	7.9 <sup>(2)</sup>	-
Share premium	2,045.0	2,045.0	2,045.0	2,045.0
Share premium – RCPS	-	-	785.1 <sup>(2)</sup>	-
Merger relief reserves	34.3	34.3	34.3	34.3
Other reserves	88.1	88.1	88.1	96.0
Retained profits	1,896.7	1,913.4 <sup>(3)</sup>	1,440.6 <sup>(4)</sup>	1,261.8 <sup>(5)</sup>
<b>Equity attributable to equity holders of UEMS / NA</b>	<b>6,332.8</b>	<b>6,349.5</b>	<b>6,669.7</b>	<b>5,705.8</b>
Number of UEMS Shares in issue (million)	4,537.4	4,537.4	4,537.4	4,537.4
Total borrowings	2,358.1	2,358.1	2,358.1	2,358.1
NA per share <sup>(6)</sup> (RM)	1.40	1.40	1.47	1.26
Gearing <sup>(7)</sup> (times)	0.37	0.37	0.35	0.41

## Scenario 2

	Audited as at 31 December 2014	Proforma I – After the Proposed Disposal	Proforma II – After Proforma I, the Proposed RCPS Issuance and the Proposed Redemption	Proforma III – After Proforma II and the full conversion of the UEMS-RCPS
	RM million	RM million	RM million	RM million
Share capital	2,268.7	2,268.7	2,268.7	2,585.0 <sup>(8)</sup>
Share capital – RCPS	-	-	7.9 <sup>(2)</sup>	-
Share premium	2,045.0	2,045.0	2,045.0	2,521.7 <sup>(9)</sup>
Share premium – RCPS	-	-	785.1 <sup>(2)</sup>	-
Merger relief reserves	34.3	34.3	34.3	34.3
Other reserves	88.1	88.1	88.1	88.1
Retained profits	1,896.7	1,913.4 <sup>(3)</sup>	1,440.6 <sup>(4)</sup>	1,440.6
<b>Equity attributable to equity holders of UEMS / NA</b>	<b>6,332.8</b>	<b>6,349.5</b>	<b>6,669.7</b>	<b>6,669.7</b>
Number of UEMS Shares in issue (million)	4,537.4	4,537.4	4,537.4	5,170.0 <sup>(8)</sup>
Total borrowings	2,358.1	2,358.1	2,358.1	2,358.1
NA per share <sup>(6)</sup> (RM)	1.40	1.40	1.47	1.29
Gearing <sup>(7)</sup> (times)	0.37	0.37	0.35	0.35

### Notes:

- (1) The proforma effects do not take into consideration the estimated expenses in relation to the Proposals of approximately RM700,000.
- (2) Based on the issuance of 793.0 million UEMS-RCPS at the Issue Price of RM1.00 per UEMS-RCPS.
- (3) Based on the proforma gain from the Proposed Disposal of approximately RM16.7 million net of income tax.
- (4) Based on the total redemption amount of the 450,000,000 BND-RCPS of approximately RM922.8 million (assuming the Proposed Redemption takes place in end October 2015) and the book value of the 450,000,000 BND-RCPS of RM450.0 million based on the audited consolidated financial statements of UEMS.
- (5) After deducting the difference between the total carrying value of the UEMS-RCPS compounded 5% annually for 48 months of approximately RM963.9 million and the total Issue Price of the UEMS-RCPS of RM793.0 million, amounting to approximately RM170.9 million. An amount of approximately RM7.9 million, equivalent to the par value of the UEMS-RCPS to be redeemed, will be transferred to the capital redemption reserve account.

- (6) Calculated as NA divided by the number of UEMS Shares in issue.
- (7) Calculated as total borrowings divided by NA.
- (8) Based on the issuance of 632,557,049 Conversion Shares, calculated based on the total carrying value of the UEMS-RCPS compounded 5% annually for 60 months of approximately RM1,012.1 million divided by the Conversion Price of RM1.60.
- (9) After adding the difference between the total Issue Price of the UEMS-RCPS of RM793.0 million and the par value of the 632,557,049 Conversion Shares of RM316.3 million, amounting to approximately RM476.7 million.

### 6.3 Earnings and EPS

The Proposed Disposal is expected to increase the consolidated earnings and EPS of the UEMS Group for the FYE 31 December 2015. The UEMS Group is expected to realise a net gain (before deducting estimated expenses for the Proposals of approximately RM700,000) of approximately RM16.7 million arising from the Proposed Disposal, against the estimated land and development costs up to completion of RM107.7 million, GST of RM7.8 million and income tax of RM5.6 million.

For illustrative purposes, based on the audited consolidated financial statements of UEMS for the FYE 31 December 2014 and assuming that the Proposed Disposal had been effected on that date, the proforma effects of the Proposed Disposal on the consolidated earnings and EPS of UEMS are:

	<b>Proforma consolidated earnings</b>	<b>Proforma consolidated EPS<sup>(1)</sup></b>
	<b>RM million</b>	<b>sen</b>
Audited profit attributable to owners of the parent of UEMS for the FYE 31 December 2014	479.9	10.57
Add: Proforma gain from the Proposed Disposal <sup>(2)</sup>	16.7	0.37
Audited profit attributable to owners of the parent of UEMS for the FYE 31 December 2014	496.6	10.94

**Notes:**

- (1) Based on the issued and paid-up share capital of UEMS of RM2,268,718,018.50 comprising 4,537,436,037 UEMS Shares as at the LPD.
- (2) Computed based on the Disposal Consideration of RM137.8 million less the estimated land and development costs of the Imperia Building of RM107.7 million, GST of RM7.8 million and income tax of RM5.6 million. This does not include estimated expenses to be incurred in relation to the Proposals of approximately RM700,000, as well as any interest savings arising from the repayment of the BND-RCPS.

The actual gain arising from the Proposed Disposal will depend on the land and development costs of the Imperia Building at the time of completion of the Proposed Disposal and the actual amount of expenses to be incurred in relation to the Proposed Disposal.

The Proposed RCPS Issuance is not expected to have any material effect on the consolidated earnings of UEMS for the FYE 31 December 2015.

The issuance of the UEMS-RCPS is not expected to give rise to any immediate dilution of the EPS of the UEMS Group. However, the EPS of the UEMS Group will be proportionately diluted as a result of the increase in the number of UEMS Shares in the event of any subsequent conversion of the UEMS-RCPS into Conversion Shares after the 54th month from the Issuance Date, the quantum of which will depend on the actual number of UEMS-RCPS converted into UEMS Shares.

### 6.4 Convertible securities

As at the LPD, save for the 144,150,500 outstanding options awarded under UEMS' employee share option scheme, UEMS does not have any other convertible securities. The Proposed RCPS Issuance will not have any effect on the terms and conditions of such outstanding options.



## 6.5 Substantial shareholders' shareholdings

As at the LPD, the proforma effects of the Proposals on the shareholdings of the substantial shareholders of UEMS are as follows:

### Scenario 1

The Proposals will not have any effect on the shareholdings of the substantial shareholders of UEMS in Scenario 1 as the Proposed Disposal and the redemption of the entire UEMS-RCPS after the 48th month from the Issuance Date do not involve any issuance of UEMS Shares.

### Scenario 2

The Proposed Disposal will not have any effect on the shareholdings of the substantial shareholders of UEMS as the Proposed Disposal does not involve any issuance of UEMS Shares. The proforma effects of the Proposed RCPS Issuance on the shareholdings of substantial shareholders of UEMS are as follows:

Substantial shareholders	As at the LPD				After the Proposed RCPS Issuance and the Proposed Redemption				After the full conversion of the UEMS-RCPS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of UEMS Shares	%	No. of UEMS Shares	%	No. of UEMS Shares	%	No. of UEMS Shares	%	No. of UEMS Shares	%	No. of UEMS Shares	%
	million		million		million		million		million		million	
UEMG	2,997.5	66.1	-	-	2,997.5	66.1	-	-	3,630.0	70.2	-	-
Khazanah <sup>(1)</sup>	-	-	2,997.5	66.1	-	-	2,997.5	66.1	-	-	3,630.0	70.2
Lembaga Tabung Haji	283.8	6.3	-	-	283.8	6.3	-	-	283.8	5.5	-	-
Employees Provident Fund Board	233.4	5.1	-	-	233.4	5.1	-	-	233.4	4.5	-	-
<b>Total UEMS Shares in issue</b>	<b>4,537,436,037</b>				<b>4,537,436,037</b>				<b>5,169,993,086</b>			

*Note:*

(1) Deemed interested by virtue of being the holding company of UEMG.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of UEMS Shares as traded on the Main Market of Bursa Securities for the last 12 months from October 2014 to September 2015 are as follows:

	<u>High</u> RM	<u>Low</u> RM
<b>2014</b>		
October	1.88	1.65
November	1.88	1.70
December	1.79	1.35
<b>2015</b>		
January	1.45	1.23
February	1.44	1.27
March	1.43	1.28
April	1.41	1.29
May	1.33	0.995
June	1.06	0.975
July	1.04	0.935
August	0.985	0.755
September	1.28	0.835

Last transacted market price of UEMS Shares on 15 September 2015, being the last trading day prior to the date of announcement of the Proposed RCPS Issuance

1.08

Last transacted market price of UEMS Shares as at the LPD

1.06

*(Source: Bloomberg (Malaysia) Sdn Bhd)*

## 8. APPROVALS REQUIRED FOR THE PROPOSALS

The Proposed Disposal is not inter-conditional upon the Proposed RCPS Issuance or the Proposed Amendments, or vice versa. However, the Proposed RCPS Issuance and Proposed Amendments are inter-conditional upon one another.

In addition to the approvals disclosed in Section 2.1.2.4 above in relation to the Imperia SPA, the Proposed Disposal is subject to and conditional upon approvals being obtained from the following:

- (i) the non-interested shareholders of UEMS 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 Certificate of Completion and Compliance has been issued on 9 August 2015.

The Proposed RCPS Issuance and the Proposed Amendments are subject to and conditional upon approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities, which was obtained on 7 October 2015;
- (ii) the non-interested shareholders of UEMS at an EGM to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

Save for the above, the Proposals are not conditional upon any other corporate exercise/scheme of UEMS.

## 9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save as disclosed below, there are no other corporate proposals which have been announced by the UEMS Group but have yet to be completed:

- (i) A development agreement and a supplemental development agreement dated 19 December 2007 and 4 November 2010, respectively, between UEML, BND and Haute Property Sdn Bhd for the development of a high end residential enclave over 111 acres held under H.S.(D) 453895, PTD 154910, Mukim Pulai, Daerah Johor Bahru, Johor Darul Ta'zim. The development of the residential enclave is currently ongoing.
- (ii) A facilities maintenance and management agreement dated 13 April 2011 between Cahaya Jauhar Sdn Bhd, a 60%-owned joint venture of UEML and State Secretary Johor (Incorporated) for the provision of management and maintenance services for Phase 1 of Kota Iskandar ("**FMMA**"). The FMMA covers a period of 30 years with a review every 3 years.
- (iii) On 11 June 2012, the Company entered into 3 shareholders and shares subscription agreements with wholly-owned subsidiaries of Desaru Development Holdings One Sdn Bhd (a subsidiary of Desaru Development Corporation Sdn Bhd) ("**DDC Cos**") (collectively referred to as the "**SSAs**") to establish the shareholding structure of 3 separate development companies ("**Dev Cos**") and to regulate the relationship amongst the Company and the DDC Cos for the development of land parcels to be acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("**Desaru Lands**").

The Desaru Lands will be developed into a high-end residential resort development surrounding two golf courses in Desaru, Johor Darul Ta'zim and a beach club to cater to the residents of the high-end residential resort development.

The issued and paid-up capital of the Dev Cos will be held by the Company and the respective DDC Cos in the proportion of 51% and 49%, respectively.

Concurrent with the execution of the SSAs, the respective Dev Cos had entered into 3 separate sale and purchase agreements (collectively referred to as the "**SPAs**") with the respective DDC Cos for the proposed acquisitions of the Desaru Lands for a total consideration of RM485.3 million.

The SSAs and the SPAs are not subject to any conditions precedent. On 18 June 2012, 10% of the purchase consideration for each of the Desaru Lands was paid by the Dev Cos to the relevant DDC Cos. The balance 90% will be paid on a staggered basis up until 11 December 2017 as per the payment schedule in the SPAs.

- (iv) On 23 October 2012, UEML entered into a master agreement ("**MA**") with Ascendas Land (Malaysia) Sdn Bhd ("**Ascendas**") to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya, Nusajaya, Johor Darul Ta'zim ("**Tech Park Land**") ("**Proposed Development**") broken down as follows:
  - (a) Phase 1 Tech Park Lands measuring approximately 205 acres and further broken down into 2 plots identified as Plot A with an estimated area of 120 acres ("**Plot A**") and Plot B with an estimated area of 85 acres ("**Plot B**") (collectively "**Phase 1 Lands**") to be held by Company A;
  - (b) Phase 2 Tech Park Lands measuring approximately 166 acres to be held by Company B ("**Phase 2 Lands**"); and

- (c) Phase 3 Tech Park Lands measuring approximately 148 acres to be held by Company C ("**Phase 3 Lands**").

UEML and Ascendas shall enter into subscription agreements ("**SAs**") to regulate their initial share subscription into Company A, Company B and Company C (all of which are special purpose companies that have been or are to be established by UEML and are to be collectively referred to as the "**SPCs**") and shareholders' agreements ("**SHAs**") to govern the parties' relationship as shareholders of the SPCs. The equity ratio of the parties in the companies shall be 60:40 (Ascendas:UEML) unless otherwise agreed.

On 26 December 2012, UEML, Ascendas and Company A (known as Nusajaya Tech Park Sdn Bhd) had entered into an SA and an SHA.

Pursuant to the MA, UEML also agrees to:

- (a) cause the transfer of Plot A to Company A; and
- (b) grant to Ascendas the options to:
- (aa) agree to Company A completing the purchase of Plot B; and
- (bb) purchase the Phase 2 Lands and Phase 3 Lands via Company B and Company C respectively.

The options are exercisable within 9 years from the date of the MA. The options shall automatically lapse if not exercised within the option period. The transactions are subject to various regulatory approvals and conditions precedent, including but not limited to the approval for the transfer of the lands into the companies, the planning approvals and the approval for the conversion of the lands for industrial use.

The sale of Plot A land was completed on 1 August 2013.

As at the LPD, the matters pertaining to the purchase of Plot B land, Phase 2 Lands and Phase 3 Lands are still outstanding.

- (v) On 7 February 2014, UEML and KLK Land Sdn Bhd ("**KLKL**"), a wholly-owned subsidiary of Kuala Lumpur Kepong Berhad ("**KLK**") entered into 2 separate shareholders' agreements ("**KLKL SHAs**") to give effect to the proposed joint development of the following:
- (a) proposed development of various parcels of freehold land measuring an aggregate of approximately 2,500 acres situated in Mukim Senai, District of Kulai Jaya, State of Johor ("**Fraser Land**") into a proposed mixed residential, commercial and industrial development ("**Proposed Fraser Land Development**"); and
- (b) proposed development of various parcels of freehold land measuring an aggregate of approximately 500 acres situated in Mukim Tanjung Kupang, District of Johor Bahru, State of Johor ("**Gerbang Land**"), into a proposed mixed development ("**Proposed Gerbang Land Development**").

The Proposed Fraser Land Development will be undertaken by Aura Muhibah Sdn Bhd ("**AMSB**"), a company in which UEML holds 60% of the interest and the remaining 40% is held by KLKL while the Proposed Gerbang Land Development will be undertaken by Scope Energy Sdn Bhd ("**SESB**"), a company in which UEML holds 40% of the interest and the remaining 60% is held by KLKL.

Concurrent with the execution of the KLKL SHAs, AMSB and SESB entered into 2 separate sale and purchase agreements ("**Development SPAs**") for the acquisition of the Lands which will form part of the Proposed Fraser Land Development and Proposed Gerbang Land Development.

- (a) AMSB entered into a sale and purchase agreement with KLK to acquire the Fraser Land, free from encumbrances, for a purchase consideration of RM871.2 million; and
- (b) SESB entered into a sale and purchase agreement with Nusajaya Rise Sdn Bhd, Finwares Sdn Bhd and Symphony Hills Sdn Bhd, all of which are wholly-owned subsidiaries of UEML to acquire the Gerbang Land, free from encumbrances, for a purchase consideration of RM871.2 million.

On 29 December 2014, the Development SPA entered by SESB has become unconditional upon fulfillment of its conditions precedent.

As at the LPD, the conditions precedent of the Development SPA entered by AMSB is still outstanding.

- (vi) On 1 July 2014, UEML entered into a joint venture and shareholders' agreement with Intelsec Sdn Bhd ("**ISB**"), a wholly-owned subsidiary of Telekom Malaysia Berhad and Iskandar Innovations Sdn Bhd ("**IISB**"), a wholly-owned subsidiary of Iskandar Investment Berhad for the collaboration in a joint venture company which will carry on the business of a managed services operating company to provide smart building services and smart city services. The agreed proportion of the shareholding are 51% by ISB, 39% by UEML and the remaining 10% by IISB.

On 13 January 2015, UEML subscribed for 5,850,000 ordinary shares of RM1.00 each for a cash consideration of RM5,850,000 in Inneonusa Sdn Bhd ("**INNEO**"), resulting in INNEO becoming a 39%-owned associate of the UEMS Group.

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

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

As at the LPD, Khazanah holds 100.0% equity interest in UEMG. UEMG, a major shareholder of UEMS, holds 66.1% equity interest in UEMS as at the LPD. Accordingly, Khazanah and UEMG are deemed interested in the Proposals. Khazanah and UEMG will abstain from voting in respect of its direct and/or indirect shareholdings in UEMS on the resolutions pertaining to the Proposals to be tabled at UEMS' forthcoming EGM.

Tan Sri Dr Ir Ahmad Tajuddin Ali is the Chairman of UEMG and Non-Independent Non-Executive Chairman of UEMS while Dato' Izzaddin Idris is the Group Managing Director / Chief Executive Officer of UEMG and Non-Independent Non-Executive Director of UEMS. Further, Mr Sheranjiv Sammanthan, a Non-Independent Non-Executive Director of UEMS, is a nominee of Khazanah. As such, they are deemed interested in the Proposals (collectively, the "**Interested Directors**"). The Interested Directors have abstained and will continue to abstain from deliberating and voting on any resolutions pertaining to the Proposals at any Board meeting. None of the Interested Directors has any direct or indirect interest in UEMS.

Further, Khazanah, UEMG and the Interested Directors have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in UEMS on the resolutions pertaining to the Proposals to be tabled at UEMS' forthcoming EGM.

## 11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of UEMS, after having considered all aspects of the Proposed Disposal (including but not limited to the rationale of the Proposed Disposal), is of the opinion that the Proposed Disposal is:

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

## 12. DIRECTORS' STATEMENT

The Board (other than the Interested Directors), after having considered all aspects of the Proposals, including but not limited to the rationale and financial effects of the Proposals as well as after careful deliberation, is of the opinion that the Proposals are in the best interest of UEMS and its shareholders and recommends that you vote in favour of the resolutions pertaining to the Proposals at UEMS' forthcoming EGM.

## 13. TRANSACTION WITH THE SAME RELATED PARTY

Save for the recurrent related party transactions ("RRPT") which were undertaken pursuant to the RRPT mandates obtained on 24 April 2014 and 21 May 2015 as set out below, there are no other transactions by the UEMS Group with UEMG and its subsidiaries and persons connected to them in the 12 months preceding the date of this Circular:

<b>Nature of transaction</b>	<b>Amount</b>
	<b>RM 000</b>
<b>Receipt of services and/or rental of land-based properties by the UEMS Group from UEMG and its subsidiaries and persons connected to them</b>	
Receipt of group-wide information and communications technology shared services	170.2
Receipt of internal audit, training and administrative support services	1,750.2
Renting of office space, meeting rooms and other facilities	2,316.9
Renting of parking space	48.4
Receipt of electricity and air-conditioning facilities	214.0
Rental of facilities and other services	0.5
Receipt of consultation, facilities management and maintenance services	3,694.9
Receipt of office cleaning, pest control services and rental of potted plants	58.1
<b>Provision of services and/or rental of and/or disposal of land and/or land-based properties by the UEMS Group to UEMG and its subsidiaries and persons connected to them</b>	
Provision for tenancy of land for batching plant/casting yard	209.1
Provision of lease/rental of office space	185.6
Provision of land tenancy for show gallery/site office	102.4
Provision of development and management services	13,050.1

#### 14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the tentative timeline for the implementation of the Proposals is set out below:

<b>Key milestones</b>	<b>Tentative timeline</b>
EGM	30 October 2015
Completion of the Proposals	November 2015

#### 15. RESOLUTIONS ON THE PROPOSALS AND EGM

The resolutions on the Proposals will be tabled at UEMS' forthcoming EGM, which will be held on Friday, 30 October 2015 at 9.30 a.m. or at any adjournment thereof at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan. The resolutions are set out in the Notice of EGM.

The Notice of EGM and Form of Proxy are enclosed with this Circular.

If you are unable to attend the EGM in person, please complete the enclosed Form of Proxy and forward it to the share registrar's office, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 48 hours before the time for convening the forthcoming EGM.

The completion and return of the Form of Proxy will not preclude you from attending and voting at the EGM in person should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

#### 16. FURTHER INFORMATION

Shareholders of UEMS are requested to refer to the Appendices of this Circular for further information.

Yours faithfully  
For and on behalf of the Board of Directors of  
**UEM SUNRISE BERHAD**

**ANWAR SYAHRIN BIN ABDUL AJIB**  
Managing Director / Chief Executive Officer

## VALUATION CERTIFICATE



## PRIVATE &amp; CONFIDENTIAL

## The Board of Directors

UEM Sunrise Berhad  
Level U6, Block C5  
Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur

Date: 30<sup>th</sup> June 2015

Reference No.: V/JB/15/009/tr

Dear Sir / Madam,

**VALUATION CERTIFICATE FOR A 16-STOREY OFFICE TOWER WITH A 3-STOREY PODIUM CAR-PARK (WITH 191 BAYS) AND 7 RETAIL LOTS (KNOWN AS IMPERIA OFFICE TOWER), TOGETHER WITH 13 RETAIL LOTS ON THE GROUND FLOOR OF A SERVICED APARTMENT BLOCK AND 251 BASEMENT CAR-PARK BAYS; FORMING PART OF THE PARENT LOT NO. PTD 166962, HELD UNDER MASTER TITLE NO. H.S. (D) 458137, MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, JOHOR DARUL TAKZIM (HEREINAFTER REFERRED TO AS THE "SUBJECT PROPERTY")**

We were instructed by UEM Sunrise Berhad (hereinafter referred to as "UEMS" or the "Client") to conduct a Valuation of the Subject Property.

This Valuation Certificate is prepared for inclusion in the Circular to shareholders of UEMS pursuant to the Submission to Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the proposed disposal of the Subject Property by UEMS.

The Valuation was prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Report.

This Valuation Certificate should be read in conjunction with our formal Valuation Report bearing Reference No. V/JB/15/009/tr.

The basis of Valuation adopted is the **Market Value** which is defined as *"the estimated amount for which a property should exchange on the date of Valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion"*.

Accordingly, we have inspected the Subject Property on 5<sup>th</sup> February 2015 and 10<sup>th</sup> April 2015 and adopted 10<sup>th</sup> April 2015 as our material date of Valuation.

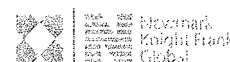
A brief description of the Subject Property is as attached overleaf.

Knight Frank Malaysia Sdn Bhd (Co. No. 585479-A)

(Formerly known as Ooi & Zaharin Sdn Bhd)

Johor Branch Office, Suite 3A-01, Level 3A, Bangunan Pelangi, Jalan Biru, Taman Pelangi,  
80400 Johor Bahru, Johor, Malaysia.

T+ 607 3382 888 F+ 607 3326 788 www.knightfrank.com





**IDENTIFICATION OF PROPERTY**


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**Legal Description / Interest Valued** Freehold interest in the Subject Property comprises of a 16-storey office tower with a 3-storey podium car-park (with 191 bays) and 7 retail lots (*known as Imperia Office Tower*), together with 13 retail lots on the ground floor of a serviced apartment block and 251 basement car-park bays; forming part of the Parent Lot No. PTD 166962, held under Master Title No. H.S. (D) 458137, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.

**Type of Property** A 16-storey office tower with a 3-storey podium car-park (with 191 bays) and 7 retail lots (*known as Imperia Office Tower*), together with 13 retail lots on the ground floor of a serviced apartment block and 251 basement car-park bays.

**Location** Along Persiaran Puteri Selatan, Puteri Harbour, Nusajaya. Geographically, the Subject Property is located about 21 kilometres by road due south-west of Johor Bahru city centre.

**Parent Title Particulars** The following table outlines the parent title particulars of the Subject Property.

Summary of Title Particulars of Parent Lot	
Parent Lot :	PTD 166962, held under Master Title No. H.S. (D) 458137, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.
Land Area :	13,376.606 square metres (about 143,985 square feet).
Tenure :	Interest in perpetuity.
Registered Proprietor :	Bandar Nusajaya Development Sdn. Bhd.
Category of Land Use :	Building.
Express Conditions :	<ul style="list-style-type: none"> <li>i) "Tanah ini hendaklah digunakan untuk Bangunan Bertingkat bagi tujuan Komersil, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan".</li> <li>ii) "Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan / dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan".</li> <li>iii) "Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi".</li> </ul>

## IDENTIFICATION OF PROPERTY (CONT'D)

<b>Parent Title Particulars (Cont'd)</b>	Restrictions-In-Interest:	<p>i) "Tuan punya tanah tidak dibenarkan menjualkan unit-unit (parcels) bangunan yang akan dibina di atas tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan".</p> <p>** ii) "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera / Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik daripada apa cara sekalipun kepada orang bukan Bumiputera / Syarikat bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri".</p> <p>** iii) "Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada bukan Warganegara / Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri".</p>
	Encumbrance:	Nil.
	Endorsement:	"Pajakan Sebahagian Tanah kepada Tenaga Nasional Berhad seluas 1295.708 Meter Persegi bagi tempoh masa selama 30 tahun" vide Presentation No. 99534/2014, registered on 26 <sup>th</sup> November 2014.

**\*\* Note:** *With reference to the letter bearing Reference No. UEMS/CP/PUTERI HARBOUR-IMPERIA/C-KF/053(15) dated 8<sup>th</sup> April 2015 from UEM Land Berhad, it stated that UEM Land Berhad had obtained incentives from Unit Perancang Ekonomi Negeri Johor ("UPEN") vide letter bearing Reference No. UPEN(J)6/4/81 dated 29<sup>th</sup> August 2008 in regards to the developments undertaken within Puteri Harbour subject to terms and conditions imposed by UPEN. The incentives are exemption of "Bumiputera" quota, consent for the purchase by foreign citizens / companies of all the units and exemption from the requirement to develop low cost or affordable units for residential developments. In view of the above, we are of the opinion that the Bumiputera restriction-in-interest will not materially affect our Valuation.*

In this regard, our Valuation is on the basis that written consent from the State Authority in respect of the aforesaid restrictions-in-interest will not be unreasonably withheld.

### **Sale and Purchase Agreement**

Pursuant to the key salient terms of the sale and purchase agreement ("SPA") between UEM Land Berhad (the "Vendor") and UEM Group Berhad (the "Purchaser") dated 30<sup>th</sup> June 2015, the Purchaser will acquire from the Vendor a 16-storey office tower with a 3-storey podium car-park and 7 retail lots (*known as Imperia Office Tower*), together with 13 retail lots on the ground floor of a serviced apartment block and 251 basement car-park bays for a total consideration of RM137,800,000/- (including RM7,800,000/- of goods and service tax). The settlement of the purchase consideration is based on the Third Schedule of the SPA.

## PROPERTY DESCRIPTION

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### i. Overview of Development (Imperia @ Puteri Harbour)

Imperia @ Puteri Harbour is an on-going commercial development being undertaken by UEMS on a prime site located in the heart of Nusajaya.

Sprawled across 3.3 acres of freehold land, Imperia @ Puteri Harbour (within which the Subject Property is located) encompasses a basement car-park (251 bays), a 16-storey office tower with a 3-storey podium car-park (191 bays) and 7 retail lots and a 35-storey serviced apartment block (246 units) with a 5-storey podium car-park and 13 retail lots.

### ii. Site Description – Parent Lot No. PTD 16692

Parent Lot No. PTD 166962 (within which the Subject Property is located) is a parcel of commercial land; generally flat in terrain and lies at the same level with the frontage metalled road, Persiaran Puteri Selatan; near rectangular in shape with a provisional land area of 13,376.606 square metres (about 143,985 square feet).

At the date of our site inspection, we note that the construction of main building works in relation to the Subject Property is currently in progress with the site boundaries demarcated with metal hoardings.

Based on the Progress Report No. 64 prepared by Ireka Engineering & Construction Sdn Bhd for the period of 19<sup>th</sup> March 2015 to 1<sup>st</sup> April 2015 dated 7<sup>th</sup> April 2015, we note that the overall progress for the entire development is about 96.01%.

We were made to understand that the Subject Property is scheduled to be completed by the second quarter of 2015.

### iii. Subject Property

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#### **Finishes and Specifications**

- |  |   |  |
|--|---|--|
| a) 16-storey office tower with a 3-storey podium car-park (191 bays) and 7 retail lots | : | The ceilings will generally be of cement plaster at the office and retail area whilst the floor finishes will be of cement screed. The ceilings within the common area will generally be of cement plaster / ceiling boards whilst the floor finishes are generally of ceramic tiles, homogeneous tiles, marble and cement screed throughout.  |
| b) 13 retail lots on the ground floor of a serviced apartment block                    | : | The ceilings will generally be of cement plaster at the retail area whilst the floor finishes will be of cement screed. The ceilings within the common area will generally be of cement plaster / ceiling boards whilst the floor finishes are generally of ceramic tiles, homogeneous tiles, marble and cement screed throughout. Internal walls within the retail lots will generally be of cement plaster throughout. |
| c) 251 basement car-park bays  | : | The ceilings will generally be of cement plaster at the car-park area whilst the floor finishes will be of cement screed.  |
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**PROPERTY DESCRIPTION (CONT'D)**

**Summary of Total Gross Floor Area and Strata Parcel Area**

a) Approximate Gross Floor Area : 44,289.48 square metres (476,731.95 square feet).

*(Based on revised building plans)*

b) Strata Parcel Area :

Description	Usage	Strata Parcel Area (sq. m)	Strata Parcel Area (sq. ft)
Main Parcel Area	Retail	2,459	26,469
	Office	15,870	170,824
Accessory Parcel Area		21,548	231,942
<b>Total Strata Parcel Area</b>		<b>39,877</b>	<b>429,235</b>

*(Based on strata floor layout plans prepared by Mesra Ukur Sdn Bhd)*

Car Park Facilities

A total of 442 car-park bays will be provided within the Subject Property.

Planning Status

The Subject Property is designated for commercial use as expressly stipulated in the master title document.

a) Planning Approval

- Pursuant to the Approved Layout Plan dated August 2010, we note that Parent Lot No. PTD 166962 (within which the Subject Property is located), has been granted approval for the development.
- Subsequent to the above, the Parent Lot No. PTD 166962 has been granted approval for the amendments on the development components.
- Subsequently, vide an application letter dated 2<sup>nd</sup> March 2015 and the revised Layout Plan dated 10<sup>th</sup> April 2015, we note that application has been submitted to Unit Pusat Setempat (OSC) to revise the development components to 1 level of basement car-park, 1 block of 16-storey office tower with a 3-storey car-park and 1 block of 35-storey (246 units) serviced apartments with 5-storey car-park.

b) Building Plans Approval

- Granted building plans approval vide approval letter dated 28<sup>th</sup> October 2010.
- Granted revised building plans approval vide approval letter dated 7<sup>th</sup> September 2011.
- An application letter for the revised building plans dated 4<sup>th</sup> February 2015 has been submitted to the relevant authority for consideration.

## MARKET VALUE

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### *Terms of Reference*

WE HAVE BEEN SPECIFICALLY INSTRUCTED BY THE CLIENT TO ASCERTAIN THE MARKET VALUE OF THE FREEHOLD INTEREST IN THE SUBJECT PROPERTY BASED ON THE FOLLOWING BASIS AND ASSUMPTIONS:-

- I) THAT THE REVISED PLANNING APPROVAL AND REVISED BUILDING PLANS APPROVAL REFLECTING ALL ADDITIONAL AMENDMENTS, CHANGES AND ADDITIONS TO THE SUBJECT PROPERTY WILL BE GRANTED BY THE RELEVANT AUTHORITIES WITH ALL RELEVANT FEES PAID (IF ANY);
- II) THAT THE SUBJECT PROPERTY IS FULLY COMPLETED IN GOOD WORKMANSHIP IN ACCORDANCE TO THE REVISED BUILDING PLANS PREPARED BY MESSRS. GARIS ARCHITECTS SDN BHD IN JANUARY 2015; WITH ALL RELEVANT FEES PAID (IF ANY) AND THEREAFTER ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE BY THE RELEVANT AUTHORITIES;
- III) THAT THE SUBJECT PROPERTY WILL BE SUITABLY FURNISHED, FITTED AND EQUIPPED WITH FACILITIES AS PER APPROVED SPECIFICATIONS AND COMMENSURATE WITH THE PROPOSED STANDARD AND RATING IN THE REVISED BUILDING PLANS; AND
- IV) THAT THE INDIVIDUAL BLOCK / STRATA TITLES CONVEYING AN INTEREST IN PERPETUITY IN RESPECT OF THE SUBJECT PROPERTY IS FORTHCOMING AND WHEN ISSUED, WILL BE FREE FROM ALL ENCUMBRANCES AND RESTRICTIVE CONDITIONS OVER THE DESIGNATED FLOOR AREA STATED THEREIN.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED".

### *Valuation Methodology*

In arriving at our opinion of the **Market Value**, we have adopted the Income Approach by **Investment Method** and the **Comparison Approach** of Valuation.

#### **i) Income Approach by Investment Method.**

This approach involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

#### **ii) Comparison Approach.**

This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

**MARKET VALUE (CONT'D)**

**Income Approach by Investment Method** : A summary of parameters adopted in the Income Approach by Investment Method of Valuation is scheduled as follows:-

**Summary of Parameters**

<p><b>Estimated Average Gross Rental</b></p>	<p><b>: RM4.20 per sq.ft / month</b> on fully leased basis for office space</p> <p>Our assessment of the market rent is based on the current asking rental of other office buildings within the surrounding areas (ranging from RM4.50 per sq.ft / month to RM4.80 per sq.ft / month; depending on the location, establishment, design and concept of the development). We have thus adopted an average gross rental of about RM4.20 per sq.ft / month to be fair representation after having considered the current asking rentals and the prevailing market conditions coupled with the existing and incoming future supply of office buildings and demand of the products being offered within the surrounding developments.</p> <p><b>RM8.50 per sq.ft / month</b> on fully leased basis for retail lots</p> <p>Our assessment of the market rent is based on the current asking rental of other retail space within the surrounding areas i.e Medini and Puteri Harbour (ranging from RM6.50 per sq.ft / month to RM15.00 per sq.ft / month; depending on the location, establishment, design and concept of the development). We have thus adopted an average gross rental of about RM8.50 per sq.ft / month to be fair representation after having considered the current asking rentals and the prevailing market conditions coupled with the existing and incoming future supply of retail space and demand of the products being offered within the surrounding developments.</p> <p><b>RM140.00 per bay / month</b> for car-park bays</p> <p>Our assessment of the gross income is based on the current season parking rates within the vicinity of Johor Bahru (ranging from RM127.00 per bay / month to RM250.00 per bay / month). We have thus adopted an average gross rental of about RM140.00 per bay / month to be fair representation after having considered the location and proposed number of car-park bays within the Subject Property.</p>
<p><b>Void Allowance</b></p>	<p><b>: 10.00%</b></p> <p>A void is adopted to reflect rental for voids, vacancy periods between rent reviews which include the rent free, fitting out periods and possibility of bad debts.</p>
<p><b>Allowance for Outgoings</b></p>	<p><b>: RM1.10 per sq.ft / month</b> for office space</p> <p>In our assessment to derive at the estimated fair outgoings for the property, we have relied on current outgoings of other typical office buildings (ranging from RM0.90 per sq.ft / month to RM1.65 per sq.ft / month). We have compared the Subject Property against the other office buildings in Johor Bahru, on the provision of facilities &amp; amenities and services rendered e.g. air-conditioning system, lift, electricity supply, security, fire protection facilities, etc. As the Subject Property is newly completed, we have adopted RM1.10 per sq.ft / month as fair representation of the monthly service charge / outgoings.</p>

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**Summary of Parameters (Cont'd)**

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**RM1.60 per sq.ft / month for retail lots**

In our assessment to derive at the estimated fair outgoings for the property, we have relied on current outgoings of other shopping / retail malls (ranging from RM1.50 per sq.ft / month to RM2.00 per sq.ft / month). We have compared the Subject Property with the other shopping malls in Johor Bahru and after considering all relevant factors including usage and operation hours, have adopted a rate of RM1.60 per sq.ft / month as the estimated outgoings for the retail lots.

**15.00% of estimated average gross income for car-park bays**

We have adopted 15.00% of the annual income receivable for outgoings, as it is within the industry norm.

Capitalisation Rate : **6.00%** for office space

We have benchmarked against existing yields of en bloc office buildings in Johor Bahru which are in the region of 5.18% to 5.61% and the existing yields of stratified office suites which are in the region of 3.66% to 5.16%. Generally, we note that the yield of stratified office suites is lower than the yield of en bloc office buildings. Puteri Harbour is a new growth centre compared to the city centre. Therefore, in terms of occupancy, the former will have a higher risk, thus requiring a higher yield than the buildings in the city centre. We have thus adopted a capitalisation rate of 6.00% to be fair representation in view of the current soft property market sentiments.

**5.75% for retail lots**

We have benchmarked against existing yields of retail lots in Johor Bahru which are in the region of 3.18% to 5.81%. We note that the yield for retail lots is generally below 5.00%. For the Subject Property, we have adopted a slightly higher yield (cap-rate) of 5.75% to reflect a higher risk as compared to purpose built stand-alone malls in the city.

**6.50% for car-park bays**

A higher cap-rate of 6.50% as compared to office space and retail lots is adopted to reflect the risk factors taking into consideration the location and the proposed total number of car-park bays to be provided within the development.

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In our assessment, we have further allowed rent loss adjustment based on a staggered occupancy rate over 4 years to be fair after having taking into consideration the prevailing market conditions coupled with the existing and incoming future supply of office buildings and retail space and demand of the products being offered within the surrounding developments. For car-park bays, we have also considered the location and proposed total number of car-park bays to be provided within the development.

## MARKET VALUE (CONT'D)

**Comparison Approach** We have identified and analysed the sales transactions / developer's selling price and have summarized the details and our valuation approach in the table below.

### a) Office Space

Sales Comparison and Analysis			
	Comparable 1	Comparable 2	Comparable 3
<b>Legal Description</b>	(Parcel No. B78, Medini Zone B) Forming part of the Parent Lot No. PTD 187578, held under Title No. H. S. (D) 516665, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim	Lot No. 6854, held under Title No. Geran 80147, Township and District of Johor Bahru, Johor Darul Takzim	Forming part of the Parent Lot No. PTD 166956, held under Title No. H.S. (D) 458131, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim
<b>Location / Address</b>	Medini Lakeside @ Medini Zone B, Nusajaya, Johor Darul Takzim	Menara Zurich, No. 15, Jalan Dato Abdullah Tahir, 80300 Johor Bahru, Johor Darul Takzim	Parcel No. 1-1, Teega @ Puteri Harbour, Nusajaya, Johor Darul Takzim
<b>Type of Property</b>	Office suite	A 27-storey office building (including a mezzanine floor, 7 levels of car-park and a roof garden level) together with a basement level	Office suite
<b>Tenure</b>	99-year leasehold interest with additional 30 years lease extension	Interest in perpetuity	Interest in perpetuity
<b>Net Lettable Area</b>	772 sq.ft	332,543 sq.ft	2,576 sq.ft
<b>Consideration / Price of Offer</b>	RM900 per sq.ft	RM115,500,000/-	RM1,571,888/-
<b>Date of Launching / Transaction</b>	February 2015	10 <sup>th</sup> September 2013	8 <sup>th</sup> February 2013
<b>Vendor</b>	UMLand Medini Lakeside Development Sdn Bhd	Zurich Insurance Malaysia Berhad	Sunrise Berhad
<b>Purchaser</b>	-	Luxury Connection Sdn Bhd	OSC Associate Sdn Bhd
<b>Source</b>	Developer's Selling Price	Jabatan Penilaian dan Perkhidmatan Harta	Sale and Purchase Agreement
<b>Analysis</b>	RM900 per sq.ft	RM347 per sq.ft	RM610 per sq.ft
<b>Adjustments</b>	General adjustments have been made for discount / incentive packages, location / establishment, size and tenure	General adjustments have been made for prevailing market conditions, location / establishment, size, age of building and building specifications / quality	General adjustments have been made for discount / incentive packages, prevailing market conditions, size and building specifications / quality
<b>Adjusted Value</b>	<b>RM567 per sq.ft</b>	<b>RM469 per sq.ft</b>	<b>RM457 per sq.ft</b>

### Valuation Rational

From the above adjusted values, we note that the derived values range between RM457 per sq.ft and RM567 per sq.ft.

In reconciling our opinion of **Market Value**, we have placed greater emphasis on Comparable 2 as it has significant similarities with the Subject Property in terms of en bloc sale after making the necessary adjustments.

Having regard to the above, we have thus adopted a round value of RM80,100,000 (analysed to be RM469 per sq.ft) in our Valuation as fair representation of the Subject Property's **Market Value**.



**b) Retail Lots**

<b>Sales Comparison and Analysis</b>			
	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Legal Description</b>	Forming part of the Parent Lot No. PTD 166945, held under Title No. H.S. (D) 458120, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim	Forming part of the Parent Lot No. PTD 170666, held under Title No. H.S. (D) 478907, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim	Forming part of the Parent Lot No. PTD 166961, held under Title No. H.S. (D) 458136, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim
<b>Location / Address</b>	Parcel No. GF-19, Puteri Cove @ Puteri Harbour, Nusajaya, Johor Darul Takzim	Parcel No. LG-21, Meridin Walk @ Medini Zone A, Nusajaya, Johor Darul Takzim	Parcel No. R-G-03A, Encorp Marina @ Puteri Harbour, Nusajaya, Johor Darul Takzim
<b>Type of Property</b>	Stratified retail lot within a 2-storey lifestyle retail	Stratified retail lot on the retail podium	Stratified retail lot on the ground floor of serviced apartment block
<b>Tenure</b>	Interest in perpetuity	99-year leasehold interest with additional 30 years lease extension	Interest in perpetuity
<b>Net Lettable Area</b>	580 sq.ft	443 sq.ft	881 sq.ft
<b>Consideration / Price of Offer</b>	RM2,400 per sq.ft	RM727,000/-	RM1,982,250/-
<b>Date of Launching / Transaction</b>	Open for sale, no official launch yet	11 <sup>th</sup> March 2015	28 <sup>th</sup> January 2015
<b>Vendor</b>	Pearl Discovery Development Sdn Bhd	Tropika Iskandar Development Sdn Bhd	Encorp Berhad
<b>Purchaser</b>	-	Chau Suet Fong	Rudy
<b>Source</b>	Developer's Selling Price	Sale and Purchase Agreement	Sale and Purchase Agreement
<b>Analysis</b>	RM2,400 per sq.ft	RM1,641 per sq.ft	RM2,250 per sq.ft
<b>Adjustments</b>	General adjustments have been made for discount / incentive package, prevailing market conditions, location / establishment and size	General adjustments have been made for discount / incentive package, prevailing market conditions, location / establishment, floor level, size and tenure	General adjustments have been made for discount / incentive package, prevailing market conditions and size
<b>Adjusted Value</b>	<b>RM1,376 per sq.ft</b>	<b>RM1,170 per sq.ft</b>	<b>RM1,539 per sq.ft</b>

**Valuation Rational**

From the above adjusted values, we note that the derived values range between RM1,170 per sq.ft and RM1,539 per sq.ft.

In reconciling our opinion of **Market Value**, we have benchmarked against the adjusted values and adopted an average value as all the Comparables have similar concepts and there is a lack of similar stratified retail lots within the surrounding areas.

Having regard to the above, we have thus adopted a round value of RM36,000,000 (analysed to be RM1,360 per sq.ft) in our Valuation as fair representation of the Subject Property's **Market Value**.

c) Car-park Bays

<b>Sales Comparison and Analysis</b>			
	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Location / Address</b>	Austin Suites @ Taman Mount Austin, Johor Bahru, Johor Darul Takzim	Tropez Residences @ Danga Bay, Johor Darul Takzim	Grand Medini Lifestyle Residences @ Medini Zone A Nusajaya, Johor Darul Takzim
<b>Type of Property</b>	Car-park bays	Car-park bays	Car-park bays
<b>Tenure</b>	Interest in perpetuity	Interest in perpetuity	99-year leasehold interest with additional 30 years lease extension
<b>Consideration / Price of Offer</b>	RM20,000 per bay	RM13,000 per bay	RM30,000 per bay
<b>Date of Offer</b>	Early 2015	Early 2015	Early 2015
<b>Vendor / Developer</b>	Mah Sing Properties Sdn Bhd	Tropicana Danga Bay Sdn Bhd	Grand Global Medini Sdn Bhd
<b>Purchaser</b>	-	-	-
<b>Source</b>	Developer's Selling Price	Developer's Selling Price	Developer's Selling Price
<b>Analysis</b>	RM20,000 per bay	RM13,000 per bay	RM30,000 per bay
<b>Adjustments</b>	General adjustments have been made for location / establishment and status of development establishment	No adjustment made	General adjustments have been made for location / establishment and tenure
<b>Adjusted Value</b>	<b>RM17,000 per bay</b>	<b>RM13,000 per bay</b>	<b>RM28,500 per bay</b>

**Valuation Rational**

From the above adjusted values, we note that the derived values range between RM13,000 per bay and RM28,500 per bay.

In reconciling our opinion of **Market Value**, we have benchmarked against the adjusted values and adopted an average value as there is a lack of similar car-parking bays transactions within the surrounding areas.

Having regard to the above, we have thus adopted a round value of RM8,600,000 (analysed to be RM19,457 per bay) in our Valuation as fair representation of the Subject Property's **Market Value**.

**Reconciliation of Values**

Method of Valuation	Derivation of Values
Investment Method	RM124,800,000
Comparison Approach	RM124,700,000

Taking into consideration that the Subject Property will be a commercial and income generating property, we have adopted the **Market Value** as derived from the Income Approach by Investment Method of Valuation as a fair representation of the Subject Property supported by the **Market Value** derived from the Comparison Approach.

Furthermore, record of en-bloc office building transactions in Johor Bahru is not readily available. Presently, there are no purpose-built offices in Puteri Harbour. Therefore, we have analysed the transactions / developer's selling price in Puteri Harbour and Medini. Similar to the retail lots, we have analysed the transactions / developer's selling price in Puteri Harbour and Medini to determine the **Market Value**.

In Johor Bahru, there are no car-park bay transactions in purpose-built office buildings. However, some high-rise developments are selling their accessory parcels (car-park bays) to the purchasers of serviced apartment / apartment units only (not open for public). Some service apartments are offering additional car-parks for sale. Therefore, we are using the developer's selling price of car-park bays to arrive at the **Market Value** for car-park components.

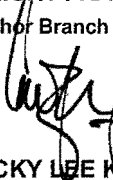

In valuing homogeneous real estate such as vacant lands and residential homes, the Comparison Approach is the most appropriate approach of Valuation as there are less adjustments and analysis on comparables. However, in the case of more complex real estate such as shopping complexes, hotels, office buildings and other income generating or investment properties, qualitative and quantitative adjustments are more difficult to be computed to reflect the differences of the comparables and the property being valued. Furthermore, there is a dearth of recent recorded transactions of similar properties in Johor Bahru. Therefore, we have considered the Income Approach by Investment Method as the most reliable and appropriate method of Valuation in our final opinion of **Market Value** of the Subject Property.

**MARKET VALUE (CONT'D)**

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Having regard to the foregoing, our opinion of the **Market Value** of the freehold interest in the Subject Property, on the basis of vacant possession and subject to the **basis / assumptions detailed above** and the forthcoming individual block / strata titles when issued being free from all encumbrances, good, marketable and registrable, as at 10<sup>th</sup> April 2015, is **RM124,800,000** *Ringgit Malaysia : One Hundred Twenty Four Million And Eight Hundred Thousand Only*.

For and on behalf of  
**KNIGHT FRANK MALAYSIA SDN BHD**  
(Johor Branch Office)

  
  
**RICKY LEE KONG-WAH**  
Registered Valuer, V-0319  
BLE, M.Sc, MRICS, MRISM

Date: 30<sup>th</sup> June 2015

Note: The above valuation is peer reviewed by Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Chong Teck Seng (Registered Valuer, V-331)

**AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY**

The existing Clause 6 of the Memorandum of Association of UEMS be amended as follows:

<b>Existing Provision</b>	<b>Amended Provision</b>
<p><b>Clause No.: 6</b></p> <p>The authorised capital of the Company is RM3,517,000,000 (Ringgit Malaysia: Three Billion Five Hundred and Seventeen Million only) divided into 7,000,000,000 ordinary shares of RM0.50 each, 200,000,000 mandatory redeemable convertible preference shares of RM0.01 each and 1,500,000,000 redeemable convertible preference shares of RM0.01 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting rights or otherwise.</p>	<p><b>Clause No.: 6</b></p> <p>The authorised capital of the Company is RM3,517,000,000 (Ringgit Malaysia: Three Billion Five Hundred and Seventeen Million only) divided into 7,004,000,000 ordinary shares of RM0.50 each and 1,500,000,000 redeemable convertible preference shares of RM0.01 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting rights or otherwise.</p>

The existing Article 2 of the Articles of Association of UEMS be amended as follows:

<b>Existing Provision</b>	<b>Amended Provision</b>
<p><b>Article 2</b></p> <p>“Consideration RCPS” – New RCPS to be issued at an issue price of RM1.00 each pursuant to the Offer.</p>	Deleted in its entirety
<p>“Conversion Shares” – New ordinary shares of RM0.50 each in the Company to be issued upon conversion of the Consideration RCPS.</p>	Deleted in its entirety
<p>“MCRPS” – Mandatory convertible redeemable preference shares of RM0.01 each to be issued by the Company.</p>	Deleted in its entirety
<p>“Offer” – Conditional take-over offer by the Company to acquire the ordinary shares of RM1.00 each in Sunrise Berhad (excluding treasury shares) not already owned by the Company (“Offer Shares”) from the holders of the Offer Shares in accordance with the terms and conditions of the offer document dated 25 November 2010.</p>	Deleted in its entirety

The existing Article 3 of the Articles of Association of UEMS be amended as follows:

**Existing Provision**

**Article 3**

The authorised capital of the Company is RM3,517,000,000 (Ringgit Malaysia: Three Billion Five Hundred and Seventeen Million only) divided into 7,000,000,000 ordinary shares of RM0.50 each, 200,000,000 mandatory redeemable convertible preference shares of RM0.01 each and 1,500,000,000 RCPS. The Company shall have power to issue shares with special rights.

**Amended Provision**

**Article 3**

The authorised capital of the Company is RM3,517,000,000 (Ringgit Malaysia: Three Billion Five Hundred and Seventeen Million only) divided into 7,004,000,000 ordinary shares of RM0.50 each and 1,500,000,000 RCPS. The Company shall have power to issue shares with special rights.

The existing Article 16A of the Articles of Association of UEMS be deleted in its entirety:

**Existing Provision**

**Article 16A**

Terms of the MCRPS

The MCRPS issued by the Company shall confer on the holders thereof the following rights and privileges and be subject to the following terms:

- Issuer : The Company.
- Issue price : RM1.00 per MCRPS.
- Par value : RM0.01 per MCRPS.
- Voting rights : The MCRPS shall carry no right to vote at any general meeting of the Company except with regard to:
- any proposal to wind-up the Company;
  - during the winding-up of the Company;
  - on any proposal that affects the rights of the MCRPS holders;
  - on a proposal to reduce the Company's share capital;
  - on a proposal for the disposal of the whole of the Company's property, business and undertaking; or
  - when the dividend or part of the dividend on the MCRPS is in arrears for more than 6 months.

In any such case, the MCRPS holders shall be entitled to vote together with the holders of ordinary shares and to 1 vote for each MCRPS held.

**Amended Provision**

**Article 16A**

Deleted in its entirety

**Existing Provision****Amended Provision**

Ranking	: Save for the Voting Rights (as set out above), the MCRPS shall rank equal in all respects amongst all MCRPS and the ordinary shares of the Company.
Tenure	: 5 years commencing from and inclusive of the date of issue.
Maturity Date	: Market Day immediately before the 5 <sup>th</sup> anniversary of the date of issue. "Market Day" means a day on which the stock market of Bursa Securities is open for trading in securities.
Dividend	: Any dividends to be paid to holders of the MCRPS must be decided at the discretion of the Directors of the Company, save that dividends on the MCRPS must be paid if dividends are paid on the ordinary shares of the Company.
Dividend rate	: A dividend per MCRPS payable to MCRPS holders shall be computed as follows: $\frac{\text{Dividend per ordinary share declared/payable by the Company} \times \text{Issue Price}}{\text{Conversion Price}}$
Dividend date	: Dividends on the MCRPS shall be payable on the date dividends are paid on the then existing ordinary shares in the Company.
Conversion Price	: RM2.21 per ordinary share in the Company.
Conversion Period	: <ul style="list-style-type: none"><li>• The MCRPS will not be convertible from the date of issue until the end of year 3 from the date of issue.</li><li>• Commencing after the end of year 3 from the date of the issue until the maturity date, the MCRPS is convertible into ordinary shares of the Company at the Conversion Price.</li></ul> Mandatory conversion of all outstanding MCRPS held by MCRPS holders by the Company at Maturity Date.

**Existing Provision****Amended Provision**

Mode of conversion : The MCRPS are convertible into new Company shares during the Conversion Period with the following mode of conversion:

- (i) by tendering 1 MCRPS with cash subscription of RM1.21 per MCRPS for every 1 new ordinary share in the Company; or
- (ii) by tendering such amount of MCRPS that are equal to the Conversion Price for every new ordinary shares in the Company computed as follows:

$$\text{No. of new ordinary shares in Company} = \frac{\text{Issue Price} \times \text{No. of MCRPS}}{\text{Conversion Price}}$$

All outstanding MCRPS as at Maturity Date shall be mandatory converted into new ordinary shares in the Company as follows:

$$\text{No. of new ordinary shares in Company} = \frac{\text{Issue Price} \times \text{No. of MCRPS}}{\text{Conversion Price}}$$

Fraction of new Company shares arising from the conversion shall be dealt with at the discretion of the Directors of the Company.

Redemption at Issuer's option : • The MCRPS is redeemable at the option of the Company in whole but not in part after the end of year 3 from the date of issue until the Maturity Date, by serving a 1 month prior written notice to the MCRPS holders.

- The redemption value shall be equivalent to 8% yield to maturity at redemption date, after taking into account any dividend paid, compounded on a yearly basis, on the MCRPS up to the redemption date.



**Existing Provision****Amended Provision**

Adjustment to Conversion Price and right of conversion

The Conversion Price and/or number of ordinary shares in the Company to be issued arising from conversion of the MCRPS will be adjusted, at the determination of the Company, in all or any of the following cases:

- (i) an alteration of the par value of ordinary shares in the Company by reason of consolidation or subdivision;
- (ii) a bonus issue of fully paid-up ordinary shares by the Company;
- (iii) a capital distribution or repayment to shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets;
- (iv) a rights issue of ordinary shares or warrants by the Company;
- (v) capitalisation of the reserves of the Company; or
- (vi) any other circumstances that are deemed necessary.

Under no circumstances will any adjustment result in the Conversion Price falling below the par value of ordinary shares in the Company for the time being. No adjustment to the Conversion Price and/or number of ordinary shares in the Company to be issued arising from conversion of the MCRPS shall be made unless it has been certified by a merchant bank, universal broker or an auditor.

Listing

- The MCRPS will be listed on the Main Board of Bursa Securities (subject to meeting the Bursa Securities requirement of not less than 100 holders of such securities holding not less than 1 board lot each).

**Existing Provision****Amended Provision**

- The new ordinary shares in the Company to be issued upon conversion of the MCRPS will be listed on the Main Board of Bursa Securities,  
subject to completion of the proposed listing of Company on the Main Board of Bursa Securities.
- Status : In the event of a winding-up/liquidation of the Company, unless previously converted, all MCRPS will be converted by the Company into new ordinary shares at the Conversion Price.
- Ranking of new shares from conversion : The new ordinary shares in Company to be issued arising from conversion of the MCRPS shall, upon allotment and issue, rank equal in all respects with the then existing ordinary shares in Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new ordinary shares in Company.
- Governing law : Malaysian law.

The existing Article 16B of the Articles of Association of UEMS be deleted in its entirety and replaced as follows, and renumbered as Article 16A:

<u>Existing Provision</u>	<u>Amended Provision</u>
<b>Article 16B</b>	<b>Article 16A</b>
<u>RCPS</u>	<u>RCPS</u>
The terms of the RCPS are set out below with the exception to replace the word "ULHB" with "the Company" whenever it appears.	The terms of the RCPS are set out below:
Form and Denomination : The RCPS shall be issued in registered form and constituted by the Memorandum and Articles of Association of ULHB.	Issuer : UEMS
Issue Price : RM1.00 per RCPS.	Subscriber : UEMG
Nominal Value : RM0.01 per RCPS.	Issue Size : Up to 793.0 million UEMS-RCPS
Tenure : 24 months from and including the issue date of the first tranche of Consideration RCPS under the Offer ("Issue Date").	Issue Price : RM1.00 per UEMS-RCPS
Maturity Date : The RCPS shall mature on the market day immediately before the 2 <sup>nd</sup> anniversary of the Issue Date.	Par Value : RM0.01 per UEMS-RCPS
Dividend : Nil.	Tenure : 60 months
Redemption Price and Redemption Period : The RCPS can be redeemed at the option of the RCPS holders at RM1.00 each on the Maturity Date, by serving at least 1 month notice to ULHB prior to the Maturity Date. Any outstanding RCPS which are not redeemed shall be mandatorily converted into new Conversion Shares on the Maturity Date based on the Non-Cash Conversion Method (as defined below).	Maturity Date : On the day falling 60 months from the Issuance Date unless the tenure of the UEMS-RCPS, if permitted by law, is otherwise extended by UEMS and the Subscriber.
	Dividend and Dividend Rate : UEMS shall have the sole discretion to decide whether to annually declare, any non-cumulative dividend and the quantum of such dividend to the Subscriber, provided always that: (i) such dividend shall not be more than 4.75 sen per UEMS-RCPS; and (ii) if dividends are declared to its ordinary shareholders, then dividends in respect of the UEMS-RCPS shall be paid to the Subscriber in preference.
	Conversion Value and Redemption Value : The UEMS-RCPS shall be converted or redeemed, at the value of each outstanding UEMS-RCPS on the Conversion Date (as defined below) or Redemption Date (as defined below) (as the case may be) based on the following calculation:

**Existing Provision****Amended Provision**

Conversion Rights : The RCPS can be converted, at the option of the RCPS holders, into new Conversion Shares at any point in time after the Issue Date but before the Maturity Date with the following modes of conversion:

- (i) by tendering 1 RCPS with cash subscription of RM1.30 per RCPS for 1 new Conversion Share ("Cash Conversion Method"); or
- (ii) by tendering such amount of RCPS that are equal to the Conversion Price for 1 new Conversion Share ("Non-Cash Conversion Method") computed as follows:

$$\frac{\text{No. of new Conversion Shares}}{\text{Conversion Price}} = \frac{\text{Issue Price} \times \text{No. of RCPS}}{\text{Conversion Price}}$$

Conversion Price : The conversion price of the RCPS is RM2.30 each.

Fractional Entitlements to Conversion Shares : Fractional entitlements to the Conversion Shares pursuant to the conversion of RCPS under the Non-Cash Conversion Method will be dealt with in such manner as ULHB's Board shall in their absolute discretion deem expedient and/or to be in the best interest of ULHB.

Adjustment to Conversion Price and Right of Conversion : In accordance with the provisions of the Memorandum and Articles of Association of ULHB, the Conversion Price and/or the number of Conversion Shares will be adjusted, at the determination of ULHB, in all or any of the following cases:

- (i) an alteration of the par value of ordinary shares in ULHB by reason of consolidation or subdivision;

Redemption Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Redemption Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Redemption Date (as defined below)

Conversion Value = [Carrying Value 4 x 1.05 x (number of months from the 49th month from the Issuance Date to the Conversion Date / 12)] - any dividends declared for the period from the 49th month from the Issuance Date to the Conversion Date (as defined below)

Where:

*Carrying Value 4 = (Carrying Value 3 x 1.05) - any dividends declared for the period from the 37th to the 48th month from the Issuance Date*

*Carrying Value 3 = (Carrying Value 2 x 1.05) - any dividends declared for the period from the 25th to the 36th month from the Issuance Date*

*Carrying Value 2 = (Carrying Value 1 x 1.05) - any dividends declared for the period from the 13th to the 24th month from the Issuance Date*

*Carrying Value 1 = (Issue Price x 1.05) - any dividends declared for the period from the Issuance Date to the 12th month from the Issuance Date*

Conversion Period : (i) The UEMS-RCPS may be converted at any time after the 54th month from the Issuance Date at the option of the Subscriber at the Conversion Price into Conversion Shares.

(ii) Any remaining UEMS-RCPS that are not converted or redeemed by the expiry of the Tenure of the UEMS-RCPS shall be automatically converted into Conversion Shares at the Conversion Price.

**Existing Provision**

- (ii) a bonus issue of fully or partly paid-up ordinary shares by ULHB;
- (iii) a capital distribution or repayment to ordinary shareholders made by ULHB whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets;
- (iv) a rights issue of ordinary shares or warrants by ULHB;
- (v) capitalisation of the reserves of ULHB; or
- (vi) any other circumstances that are deemed necessary, including any payment of special dividends by ULHB.

Under no circumstances will any adjustment result in the Conversion Price falling below the par value of ordinary shares in ULHB for the time being. No adjustment to the Conversion Price and/or number of Conversion Shares shall be made unless it has been certified by a merchant bank, universal broker or an auditor.

Listing : The RCPS will not be listed on any stock exchange.

Ranking of the RCPS : The RCPS shall rank *pari passu* amongst themselves. Other than pursuant to redemption of the RCPS in accordance with these terms, on a winding-up or upon a reduction of capital or other return of capital:

- (i) the RCPS shall confer on the holders thereof the right to receive, in priority to the holders of any other class of shares (except for the MCRPS) in ULHB, cash repayment at the Issue Price of that RCPS; and

**Amended Provision**

Conversion Price : RM1.60 per UEMS-RCPS for 1 UEMS Share, subject to adjustments, if any.

Fractional Entitlements : UEMS shall have the sole discretion to deal with any fractional entitlements that may arise from the conversion.

Adjustment to Conversion Price : (i) UEMS shall make the necessary adjustment to the Conversion Price in the event of any alteration to its share capital occurring prior to the expiry of the Conversion Period, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares, employee share option scheme (save for the existing scheme) or reduction of capital howsoever being effected, in accordance with the provisions of its Articles of Association.

(ii) The Conversion Price shall also be similarly adjusted in the event of any alteration to the share capital of UEMS on or before the Issuance Date.

(iii) The Conversion Price shall not in any event be lower than the par value of the UEMS Shares of RM0.50 each.

Existing Provision	Amended Provision
<p>(ii) the RCPS shall not confer on the holders thereof the right to participate in any surplus capital or surplus profits.</p> <p>Voting Rights of the RCPS : The RCPS shall carry no right to vote at any general meeting of ULHB except with regard to:</p> <ul style="list-style-type: none"> <li>(i) any proposal to wind-up ULHB;</li> <li>(ii) during the winding-up of ULHB;</li> <li>(iii) any proposal that affects the rights of the RCPS holders;</li> <li>(iv) any proposal to reduce ULHB's ordinary share capital; or</li> <li>(v) any proposal for the disposal of the whole of ULHB's property, business and undertaking.</li> </ul> <p>Ranking of the Conversion Shares : The Conversion Shares shall, upon issue and allotment, rank <i>pari passu</i> in all respects with the then existing ULHB Shares, save and except that the holders of such Conversion Shares shall not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is prior to the date of allotment of such Conversion Shares.</p> <p>Listing Status of the Conversion Shares : The Conversion Shares will be listed on the Main Market of Bursa Securities.</p> <p>Governing Law : Laws of Malaysia.</p>	<p>Conversion Mechanism : (i) The right to convert all or part of the UEMS-RCPS shall be exercisable by the Subscriber by completing a notice in writing ("<b>Conversion Notice</b>") stating in such notice the number of the UEMS-RCPS to be converted and the applicable Conversion Price. The Conversion Notice shall be delivered to the Company during business hours on a business day together with the share certificate(s) in respect of such UEMS-RCPS to be converted.</p> <p>(ii) The subsequent business day following receipt of the Conversion Notice by the Company ("<b>Conversion Date</b>"), the Company Secretary shall record the conversion, whereupon the conversion shall be deemed to have taken effect and cancel the UEMS-RCPS that have been converted and issue such number of fully paid UEMS Shares in the capital of the Company within 5 business days from the Conversion Date.</p> <p>(iii) Where there is a partial conversion of the UEMS-RCPS represented by a share certificate, UEMS shall where necessary, cancel the share certificate and issue a new certificate in respect of the unconverted UEMS-RCPS and deliver the same to the Subscriber.</p>

**Existing Provision**

**Amended Provision**

For the avoidance of doubt, the number of Conversion Shares to be issued to the Subscriber shall be calculated in accordance with the following formula:

$$\text{Number of Conversion Shares} = \frac{\text{Conversion Value}}{\text{Conversion Price}}$$

Redemption Period : The UEMS-RCPS are redeemable at the option of UEMS at the Redemption Price at any time after the 48th month from the Issuance Date for a period of 6 months (up to the 54th month from the Issuance Date).

Redemption Price : If redeemed, UEMS shall in respect of each UEMS-RCPS to be redeemed, pay the Subscriber the Redemption Value.

Redemption Mechanism : (i) The right to redeem all or part of the UEMS-RCPS shall be exercisable by the Company by completing and delivering a notice in writing to the Subscriber ("**Redemption Notice**") stating in such notice the number of the UEMS-RCPS to be redeemed, the date of redemption (which shall be a day falling 5 business days from the date of the Redemption Notice) ("**Redemption Date**") and the applicable Redemption Price as at the Redemption Date. The Subscriber shall return the share certificates in respect of such UEMS-RCPS to the Company on or before the Redemption Date.

**Existing Provision**

**Amended Provision**

- (ii) On the Redemption Date, the Company shall pay the applicable Redemption Price and the Company Secretary shall record the redemption, whereupon the redemption shall be deemed to have taken effect and cancel the UEMS-RCPS that have been redeemed.
- (iii) Where there is a partial redemption of the UEMS-RCPS represented by a share certificate, UEMS shall where necessary, cancel the share certificate and issue a new certificate in respect of the unredeemed UEMS-RCPS and deliver the same to the Subscriber.
- (iv) Where a Redemption Notice has been issued in respect of any UEMS-RCPS, a Conversion Notice shall not be issued in respect of those UEMS-RCPS.

Listing : The UEMS-RCPS will not be listed on any stock exchange.

Status : (i) The UEMS-RCPS shall rank in priority to UEMS Shares in the event of liquidation, dissolution, winding up or other repayment of capital of UEMS for the Redemption Value provided that upon the full conversion or redemption of the UEMS-RCPS, the Subscriber shall have no further right to participate in the surplus assets or profits of UEMS.



**Existing Provision****Amended Provision**

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- (ii) In the event that UEMS has insufficient surplus assets to permit payment of the Redemption Value to the Subscriber, the surplus assets of UEMS shall be distributed rateably to the Subscriber in proportion to the amount that each Subscriber would otherwise be entitled to receive.
- Ranking : (i) The UEMS-RCPS shall rank pari passu among themselves in respect of the right to receive Dividends out of distributable profits.
- (ii) The Conversion Shares to be issued upon conversion of the UEMS-RCPS shall upon allotment and issue rank equal in all respects with the then existing UEMS Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the allotment date of the Conversion Shares.
- Rights : Prior to conversion of the UEMS-RCPS, the Subscriber shall not have the right to vote at any general meeting of UEMS in respect of its holding of UEMS-RCPS except in the following circumstances:
- (i) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the UEMS-RCPS;
- (ii) upon any resolution for the winding-up of UEMS and during the winding-up of UEMS;
- (iii) during such period as any dividends on the UEMS-RCPS may have been declared but remains in arrears and unpaid for more than 6 months;

**Existing Provision**

**Amended Provision**

- (iv) on a proposal to reduce the Company's share capital; and
- (v) on a proposal for the disposal of the whole of the Company's property, business and undertaking.

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## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

UEMS' Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

### 2. WRITTEN CONSENT AND CONFLICT OF INTEREST

#### CIMB

CIMB, being the Adviser for the Proposals has given and has not subsequently withdrawn its written consent to include its name and all references thereto in this Circular in the form and context in which they appear.

CIMB and its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company (the "**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for the UEMS Group and/or any of its respective affiliates, in addition to the role as the Adviser for UEMS Group in the Proposals.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the UEMS Group and/or its affiliates and/or any other entity or person(s) of the UEMS Group, hold long or short positions in securities issued by our Company and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of the UEMS Group. This is a result of the businesses of the CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of the UEMS Group.

As at the LPD, CIMB Bank Berhad and CIMB Islamic Bank Berhad have extended credit facilities to the UEMS Group. CIMB is of the view that the abovementioned does not result in a conflict of interest in respect of our capacity as the Adviser for the Proposals due to the following:

- (i) CIMB Bank Berhad and CIMB Islamic Bank Berhad are licensed commercial banks and the extension of credit facilities to the UEMS Group arose in the ordinary course of business of CIMB Bank Berhad and CIMB Islamic Bank Berhad; and
- (ii) the total credit facilities granted by CIMB Bank Berhad and CIMB Islamic Bank Berhad are not material when compared to the audited net assets of the CIMB Group as at 31 December 2014 of RM37.4 billion.

#### Knight Frank

Knight Frank has given and has not subsequently withdrawn its written consent to include its name and the Valuation Certificate and all references thereto in this Circular and in the form and context in which they appear.

Knight Frank has been appointed the independent valuer for the Proposed Disposal. Knight Frank is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the independent valuer to UEMS for the Proposed Disposal.

### 3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

#### 3.1 Material commitments

As at the LPD, the following table sets out the material commitments incurred or known to be incurred by the UEMS Group in relation to its authorised capital expenditure:

	<b>RM million</b>
Approved and contracted for	40.8
Approved but not contracted for	363.0
	<hr/> <u>403.8</u>

#### 3.2 Contingent liabilities

As at the LPD, save as disclosed below, there are no material contingent liabilities, which may, upon being enforceable, have a material adverse effect on the UEMS Group's financial position or business.

(i) Income tax assessment

On 3 October 2011, BND received a notice of additional assessment from IRB for additional tax and penalty of RM50.9 million and RM22.9 million respectively in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court had allowed BND's judicial review application to quash and set aside the additional tax assessment. The High Court ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision by the High Court, the IRB had filed an appeal to the Court of Appeal against the decision made.

The Court of Appeal, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there are no merits in the appeal by the IRB and thus agreed with the decision of the High Court which ruled in favour of BND. The IRB had on 18 June 2014 filed an application for leave to the Federal Court to appeal against the decision of the Court of Appeal.

On 26 January 2015, the Federal Court heard the oral submission of both parties in respect of the IRB's application for leave and unanimously decided to allow the IRB's application. Subsequently, the Federal Court has called for case management on 30 April 2015 and the Court Registrar instructed the IRB to enclose the grounds of judgment, together with the Court of Appeal's sealed order as part of the IRB's record of appeal. Case management was fixed before Deputy Registrar of Federal Court on 14 July 2015 and 28 September 2015. The Deputy Registrar has further fixed the next case management on 10 December 2015. Upon conclusion of the case management, the Federal Court will set a date for hearing on the merit of the case with respect to the interpretation of Section 22(2)(a) of the Income Tax Act, 1967. The potential liability for this matter is RM73.8 million. Our solicitors are of the view that BND has an arguable case to contend that there is no legal and factual basis for the notice of additional assessment nor is there legal or factual basis for the IRB to impose penalty.

(ii) Potential compensation payable to Felcra Berhad ("**Felcra**") settlers

A group of 38 Felcra settlers ("**Plaintiffs**") has collectively served an originating summons against Felcra, the District Land Administrator ("**DLA**") and the Johor State Government (collectively, "**Defendants**"). The summons pertain to 198 acres of land previously owned by the Johor State Government, developed by Felcra and subsequently alienated to BND for the development of Nusajaya, Johor Darul Ta'zim.

The Plaintiffs seek, inter-alia, an additional total sum of RM54.0 million and an acre of land to each Plaintiff from the Defendants.

On 12 January 2010, the High Court made a decision against Felcra for breach of contract and dismissed the Plaintiffs' action against the DLA and the Johor State Government. On 8 February 2010, the Plaintiffs filed a notice of appeal to the Court of Appeal to appeal against the decision of the High Court on the quantum against Felcra and the dismissal of the action against the DLA and the Johor State Government. The Court of Appeal dismissed the appeal on 28 June 2011. The Plaintiffs' appeal to the Federal Court against the decision of the Court of Appeal was allowed on 15 October 2012.

On 14 May 2013, the Federal Court decided in favour of the Plaintiffs where it stated, among others, that the Plaintiffs are entitled to approximately RM26.9 million with payments previously received by the Plaintiffs to be taken into account and deducted from this total amount. Due to uncertainty in the amount payable and the liability apportionment of the judgment sum between the Defendants, the parties wrote to the Federal Court for clarification on this matter. The Federal Court on 15 June 2015 clarified that the judgment sum of RM14,102,711.76 shall be paid together with interest sum of 5% from 14 May 2013. Payment is yet to be released due to pending issuance of the amended draft order by the Court. As at the LPD, the sealed Order has yet to be issued by the Federal Court.

BND is not directly involved in this litigation, but by virtue of a novation agreement dated 2 December 1994 entered into between BND, UEMG and the Johor State Authority, BND is responsible for the additional costs relating to the lands alienated to it, which include the amount awarded to the Plaintiffs. The potential liability for this matter is RM14,102,711.76 and accruing interest thereon at the rate of 5% from 14 May 2013 until the date of settlement and costs.

#### 4. MATERIAL LITIGATION

As at the LDP, save as disclosed below, neither UEMS nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position or business of the UEMS Group and the Board is not aware of any proceedings pending or threatened against the UEMS Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the UEMS Group.

- (i) Decision by the Court of Appeal in favour of BND in respect of additional assessment by IRB for additional tax and penalty, as disclosed in Section 3.2(i) above; and

- (ii) Rakyat Holdings Sdn Bhd ("**Rakyat Holdings**") against Aurora Tower @KLCC Sdn Bhd ("**Aurora Tower**") under Writ of Summons and Statement of Claim ("**Claim**") in High Court Suit No. 22 NCVC-297-04/2013.

On 12 April 2013, Aurora Tower, a wholly-owned subsidiary of Sunrise Berhad which in turn is a wholly-owned subsidiary of the Company was served with the Claim filed by Rakyat Holdings. The Claim alleges breach of an agreement dated 14 January 2008 between Rakyat Holdings and Aurora Tower, for the sale of land held under Geran 4733, Lot 149, Seksyen 0058, Bandar Kuala Lumpur ("**Aurora Tower Land**"). The principal relief sought in the Claim is an order for Aurora Tower to re-deliver ownership, title and vacant possession of the Aurora Tower Land to Rakyat Holdings and general damages.

The trial was held on 7 July 2014 to 10 July 2014. The High Court at Kuala Lumpur had on 28 August 2014 dismissed Rakyat Holdings' claim against Aurora Tower and awarded costs of RM75,000 to be paid to Aurora Tower. Following this, Rakyat Holdings had filed an appeal to the Court of Appeal against the decision on 29 August 2014.

On 5 November 2014, the High Court had dismissed Rakyat Holdings' application for stay of execution and further directed that the private caveat entered by Rakyat Holdings to be removed and Aurora Tower is not to dispose of the land pending completion of the Rakyat Holdings' appeal to the Court of Appeal. The private caveat has been removed as per the land search conducted on 5 January 2015.

On 18 June 2015, the Court of Appeal granted an adjournment to 3 August 2015 and further adjourned the matter for a final date on 17 September 2015 for parties to explore possible settlement. The Court of Appeal heard final submissions from both parties on 17 September 2015 and delivered its decision on 18 September 2015 whereby it ordered Aurora Towers to pay an additional sum of RM50.0 million to Rakyat Holdings with interest accruing at 5% per annum from 28 August 2014 until the date of full settlement. Rakyat Holding's claim for re-delivery of ownership, title and vacant possession of the Aurora Tower Land and general damages was not allowed by the Court of Appeal. The RM50.0 million in effect represents the additional amount payable by Aurora Tower to Rakyat Holdings towards the purchase consideration in the event Rakyat Holdings had not exercised its option to purchase an office block within the new development.

## 5. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at UEMS' registered office at 19-2, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Memorandum and Articles of Association of UEMS;
- (ii) audited consolidated financial statements of UEMS for the FYE 31 December 2013 and 2014;
- (iii) unaudited financial results of UEMS for the period ended 30 June 2015;
- (iv) Imperia SPA;
- (v) RCPS Subscription Agreement;
- (vi) Valuation Report and Valuation Certificate referred to in Appendix I of this Circular;
- (vii) letters of consent referred to in Section 2 above; and
- (viii) relevant cause papers in respect of the material litigation referred to in Section 4 above.



A member of **UEM Group**

**UEM SUNRISE BERHAD**  
(Company No.: 830144-W)  
(Incorporated in Malaysia under the Act)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of UEM Sunrise Berhad (“**UEMS**” or the “**Company**”) will be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Friday, 30 October 2015 at 9.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions, with or without modifications:

### **ORDINARY RESOLUTION 1**

**PROPOSED DISPOSAL OF AN OFFICE BLOCK TOGETHER WITH A COMMERCIAL AREA IN PUTERI HARBOUR BY UEM LAND BERHAD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, TO UEM GROUP BERHAD (“UEMG”) (“PROPOSED DISPOSAL”)**

“**THAT**, subject to and conditional upon the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given for the Proposed Disposal in accordance with the terms and conditions of the sale and purchase agreement dated 30 June 2015 entered between UEM Land Berhad as the vendor and Bandar Nusajaya Development Sdn Bhd as the registered proprietor and UEMG as the purchaser;

**AND THAT** the Directors be and are hereby empowered and authorised to do all acts, deeds and such things and to execute, sign, deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement, to give full effect to and to complete the Proposed Disposal, with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may deem fit and/or as may be imposed by any relevant authorities and/or parties in connection with the Proposed Disposal.”

### **ORDINARY RESOLUTION 2**

**PROPOSED ISSUANCE OF UP TO 793.0 MILLION NEW REDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.01 EACH IN UEMS (“UEMS-RCPS”) AT AN ISSUE PRICE OF RM1.00 EACH TO UEMG, REDEEMABLE AND CONVERTIBLE INTO NEW ORDINARY SHARES OF RM0.50 EACH IN UEMS (“UEMS SHARES) (“PROPOSED RCPS ISSUANCE”)**

“**THAT**, subject to the passing of the Special Resolution, approval be and is hereby given to the Directors to:

- (i) allot and issue up to 793,000,000 UEMS-RCPS at an issue price of RM1.00 each to UEMG; and
- (ii) allot and issue such number of new UEMS Shares credited as fully paid-up pursuant to any conversion of the UEMS-RCPS and that such approval shall remain in full force and effect for the duration of the conversion period;

**THAT** the proceeds from the Proposed RCPS Issuance be utilised for the purpose as set out in the Circular;

**THAT** any fractional new UEMS Shares arising from the conversion of the UEMS-RCPS shall be dealt with in such manner as the Directors deem fit and expedient and to be in the best interest of the Company;

**AND THAT** the Directors be and are hereby empowered and authorised to do all acts, deeds and such things and to execute, sign, deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement, to give full effect to and to complete the Proposed RCPS Issuance, with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may deem fit and/or as may be imposed by any relevant authorities and/or parties in connection with the Proposed RCPS Issuance.”

## **SPECIAL RESOLUTION**

### **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF UEMS TO FACILITATE THE PROPOSED RCPS ISSUANCE AND TO STREAMLINE THE SHARE CAPITAL OF UEMS BY THE RECLASSIFICATION OF MANDATORY CONVERTIBLE REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH IN UEMS (“MCRPS”) INTO UEMS SHARES (“PROPOSED AMENDMENTS”)**

“**THAT**, subject to the passing of Ordinary Resolution 2, the Memorandum and Articles of Association of UEMS be amended in the manner set out in Appendix II of the Circular;

**THAT** the 200,000,000 MCRPS in the authorised share capital of the Company be reclassified into 4,000,000 UEMS Shares;

**AND THAT** the Directors be and are hereby empowered and authorised to do all acts, deeds and such things and to execute, sign, deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement, to give full effect to and to complete the Proposed Amendments, with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may deem fit and/or as may be imposed by any relevant authorities and/or parties in connection with the Proposed Amendments.”

## **BY ORDER OF THE BOARD**

SHARIFAH SHAFIQA SALIM (LS NO. 0008928)  
LIEW IRENE (MAICSA 7022609)  
Company Secretaries

Kuala Lumpur, Malaysia  
8 October 2015

### **Notes:**

1. *Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.*
2. *To be valid, the **original** form of proxy duly completed must be deposited at the Share Registrar’s office, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time of holding the meeting.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.*
4. *If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.*
5. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“**SICDA**”) which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.*
7. *A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend, speak and vote at the meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints one (1) or more proxies to attend, speak and vote at the same meeting, such appointment(s) shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*
8. *For purposes of determining a member who shall be entitled to attend the Extraordinary General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Articles 58 and 59 of the Company’s Articles of Association and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors (“**ROD**”) as at 22 October 2015. Only a depositor whose name appears on the ROD as at 22 October 2015 shall be entitled to attend the Extraordinary General Meeting or appoint a proxy(ies) to attend, speak and vote on his behalf.*



FORM OF PROXY



A member of UEM Group

I/We, .....

of .....

being a member of UEM SUNRISE BERHAD ("Company"), hereby appoint .....

..... NRIC/Passport No. ....

of .....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Banquet Hall, Menara Korporat, Persada PLUS, Persimpangan Bertingkat Subang, KM15, Lebuhraya Baru Lembah Klang, 47301 Petaling Jaya, Selangor Darul Ehsan on Friday, 30 October 2015 at 9.30 a.m., or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 – Proposed Disposal		
Ordinary Resolution 2 – Proposed RCPS Issuance		
Special Resolution – Proposed Amendments		

(Please indicate with a "✓" or "X" in the boxes provided above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature  
(If shareholder is a corporation, this part should be executed under seal)

No. of shares:	
CDS Account No.:	
Telephone No.:	

Signed this ..... day of ..... 2015

Notes:

- Every member is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
- To be valid, the **original** form of proxy duly completed must be deposited at the Share Registrar's office, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time of holding the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its attorney.
- If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
- If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds in the Company. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
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AFFIX  
STAMP

**UEM SUNRISE BERHAD**

**THE SHARE REGISTRAR'S OFFICE**

Symphony Share Registrars Sdn Bhd (378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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UEM Sunrise Berhad (830144-W)

# EXTRAORDINARY GENERAL MEETING ("EGM")



A member of UEM Group

Date and Time : Friday, 30 October 2015 at 9.30 am  
Venue : Banquet Hall, Menara Korporat, Persada PLUS  
Persimpangan Bertingkat Subang  
KM15, Lebuhraya Baru Lembah Kelang  
47301 Petaling Jaya, Selangor Darul Ehsan  
Registration : Commences at 7.30 am

## Free Shuttle Service

Shuttle bus is available from Kelana Jaya LRT station to Persada PLUS on 30 October 2015.  
Departure Time - **7.00 am and 7.30 am sharp**. Please be punctual as the shuttle bus will depart on time.

If you wish to use the shuttle service, please contact the following names by **Monday, 19 October 2015**.

Ms. **Michelle Lim**

Tel\* : 03-2718 7689

Email : michelle.khlim@uemsunrise.uemnet.com

Encik **Mohd Farouk Shahbudin**

Tel\* : 03-2718 7601

Email : farouk.shahbudin@uemsunrise.uemnet.com

\*during office hours from 8.30 am to 5.30 pm

## Map to Persada PLUS

