

SYF RESOURCES BERHAD ("SYF" OR "COMPANY")

- (I) **PROPOSED JOINT VENTURE BETWEEN SYF DEVELOPMENT SDN BHD (FORMERLY KNOWN AS TWENTY-ONE SJ SDN BHD) ("SYFD" OR "DEVELOPER"), A WHOLLY-OWNED SUB-SUBSIDIARY OF SYF, AND KIARA SUSILA SDN BHD ("KSSB"), CHEE AH KUAN, CHA KIM PANG, CHA NYEN KONG, CHUNG DAI THAI AND LEW KA TEK, TO JOINTLY DEVELOP FOUR (4) PARCELS OF FREEHOLD LAND IDENTIFIED AS LOT NOS. 1329, 1719, 2114 AND 2115, MUKIM OF SEMENYIH, DISTRICT OF ULU LANGAT, SELANGOR DARUL EHSAN, MEASURING IN AGGREGATE APPROXIMATELY 38.34 ACRES ("HI TECH LANDS") INTO AN INDUSTRIAL DEVELOPMENT ("PROPOSED HI TECH JOINT VENTURE"); AND**
- (II) **PROPOSED JOINT VENTURE BETWEEN SYFD AND ASTANA BARU SDN BHD ("ASTANA"), A WHOLLY-OWNED SUBSIDIARY OF KSSB, TO JOINTLY DEVELOP FIVE (5) ADJOINING PIECES OF VACANT COMMERCIAL LAND IDENTIFIED AS LOT NOS. PT 25263 TO 25266 AND PT 30291, MUKIM OF SEMENYIH, DISTRICT OF ULU LANGAT, SELANGOR DARUL EHSAN, MEASURING IN AGGREGATE APPROXIMATELY 5.02 ACRES ("KIARA PLAZA LANDS") INTO A COMMERCIAL DEVELOPMENT ("PROPOSED KIARA PLAZA JOINT VENTURE"); AND**
- (III) **PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF SYF AND ITS SUBSIDIARIES ("SYF GROUP" OR "GROUP") TO INCLUDE PROPERTY DEVELOPMENT ("PROPOSED DIVERSIFICATION")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

(All the abbreviations used in this announcement are as defined in our previous announcement dated 15 November 2011)

We refer to the Company's announcement dated 15 November 2011 and Bursa Securities' letter dated 16 November 2011 (Ref: IJ-111116-56522) for additional information on the abovementioned matter. On behalf of the Company, M&A Securities wishes to provide the additional information requested by Bursa Securities as follows:

No.	Queries	Reply
1.	The tentative timeframe for the submission of the relevant application for the Kiara Plaza Lands to the relevant authorities	The submission of the layout plan for the Kiara Plaza Lands to the relevant authorities is expected to be made upon the Kiara Plaza JVA being unconditional. As such, the submission of the said layout plan is expected to be made in mid 2012.
2.	Quantification of the gross development value and gross development cost for the Kiara Plaza Hotel	The gross development value and gross development cost for the Kiara Plaza Hotel is estimated at RM7.43 million and RM6.75 million respectively.

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3.	The details of Pioneerfield Capital Sdn Bhd	<p>Based on records filed with the Companies Commission of Malaysia, Pioneerfield Capital Sdn Bhd ("Pioneerfield") is principally involved in investment holding. The authorised and issued and paid-up share capital of Pioneerfield is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which has been issued and credited as fully paid-up.</p> <p>The Directors of Pioneerfield are Dato Seri H'ng Bak Tee and H'ng Gaik Choon. The shareholders of Pioneerfield are Dato Seri H'ng Bak Tee (30%), Lizheng Holdings Sdn Bhd (25%), JSA Investment Holdings Sdn Bhd (20%), Tan Kok Hong (10%), Lee Boon Seng (5%), H'ng Gaik Kim (5%), Tan Chin Hoe (2.5%) and Tan Saw Tin (2.5%).</p>
4.	Quantification of the compensation to be received by SYF Development Sdn Bhd in the event conditions precedent are not fulfilled for reasons attributable to the Hi Tech JV Partners and Astana	<p>Under each JVA, if any of the conditions precedents are not fulfilled for reasons attributable to the joint venture partner(s), SYFD is entitled to, among others, claim compensation from the defaulting joint venture partner(s) for such amount of monies amounting to the aggregate GDV/Gross Development Value that would have been received by SYFD if not for the breach by the defaulting joint venture party. The estimated aggregate GDV/Gross Development Value from the developments of Hi Tech Lands and Kiara Plaza Lands are RM59.6 million and RM75.9 million respectively excluding the joint venture partner(s)' entitlement of approximately 30% of the aggregate Gross Development Value attributable to the land owned by each respective joint venture partner(s) for the Proposed Hi Tech Joint Venture (and on the assumption that all joint venture partners are in default) and Astana's entitlement of approximately 20% of the aggregate GDV attributable to Astana for the Proposed Kiara Plaza Joint Venture.</p>

No.	Queries	Reply
5.	<p>The basis to arrive at the entitlement of RM650,000 per acre of the land owned by Hi Tech JV Partners and RM18,968,000 by Astana respectively</p>	<p>For the Hi Tech Lands, each Hi Tech JV Partner is entitled to a sum equivalent to thirty percent (30%) of the GDV attributable to the land owned by that Hi Tech JV Partner. For the Kiara Plaza Lands, Astana is entitled to a sum equivalent to twenty percent (20%) of the aggregate GDV. The said entitlement percentage was arrived at after taking into consideration the density of each project and estimated total GDVs of the respective projects. Based on the estimated GDVs, the landowners' entitlement would be a minimum of RM650,000 per acre of the land owned by Hi Tech JV Partners and RM18,968,000 by Astana respectively.</p> <p>The landowners' entitlement of RM650,000 per acre for the Hi Tech Lands and RM18,968,000 for the Kiara Plaza Lands was also quantified and assessed after taking into consideration the market values of the Hi Tech Lands and Kiara Plaza Lands of RM26,730,000 (or RM696,960 per acre) and RM16,375,000 respectively, together with the respective lands development potential and prospects.</p> <p>The aggregate landowners' entitlement of RM43,895,500 represents a slight premium of RM790,500 (or approximately 2%) of the aggregate market value of the Hi Tech Lands and Kiara Plaza Lands of RM43,105,000 as ascribed by KGV.</p>

No.	Queries	Reply
6.	<p>Clarification/justification on the capacity and expertise possessed by the Company to undertake the property development projects, including the details of the directors and key management that will be involved in the property development projects including but not limited to their qualification, working experiences etc</p>	<p>The SYF Group intends to utilize the property development expertise and resources available at KSSB which includes property development experience of KSSB's directors. In addition, one of the directors of KSSB, Datuk Chee Hong Leong is also the Non-Independent Non-Executive Director of SYF.</p> <p>Datuk Chee Hong Leong graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989 both from McMaster University, Hamilton, Ontario, Canada. He began his career in 1990 coordinating the development in corporate and annual strategic plans for Leisure Holidays Group of Companies. In 1992, he ventured into various businesses which involved designing and building individual bungalows for landowners of various housing projects in the Klang Valley.</p> <p>KSSB has undertaken property development projects with a total gross development value of more than RM247 million. These developments include Semenyih Hi Tech 1, 2, 3, 3A and Lekas 18 Corporate Industrial Park.</p> <p>Further, the Executive Director of SYF, Cheong Yee Kiong also has previous experience in the property development sector. He was the financial controller of MCB Holdings Berhad (from 1988 to 1992) a company that is principally involved in property development and manufacturing of carbide products. Cheong Yee Kiong is a professionally qualified accountant and a member of the Malaysian Institute of Accountants.</p>

No.	Queries	Reply
7.	The total amount transacted with the same related parties for the past 12 months.	<p>Save as disclosed below and the Proposed Hi Tech Joint Venture and the Proposed Kiara Plaza Joint Venture, there had been no other transactions with the same related parties for the past twelve (12) months:-</p> <ol style="list-style-type: none"> 1. On 6 December 2010, Seng Yip Furniture Sdn Bhd (a wholly-owned subsidiary of SYF) had entered into a Sale and Purchase Agreement with KSSB for the disposal of the property known as H.S. (D) 140421, P.T. No 30873, Mukim of Semenyih, District of Ulu Langat, Selangor Darul Ehsan for a cash consideration of RM230,000; and 2. Rental of the following properties from Ng Ah Chai:- <ol style="list-style-type: none"> (i) Rental of factory land known as Lot 1226, Mukim of Semenyih, with a land area of 1.2899 hectares at a monthly rental of RM13,800. This tenancy is for a three year period up to 30 June 2010 which has been extended for another three years expiring on 30 June 2013; and (ii) Rental of factory land and building known as Lot 1085, Mukim of Semenyih, with a land area of 2.1195 hectares and built-up area of 62,400 sf. The monthly rental is RM30,000 for a period of three years up to 30 June 2010 which has been extended for another three years expiring on 30 June 2013.

This announcement is dated 17 November 2011.