

SUNWAY BERHAD

(Company No. 921551-D)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE SIXTH ANNUAL GENERAL MEETING OF SUNWAY BERHAD HELD AT GRAND BAHAMAS, LEVEL 12, SUNWAY RESORT HOTEL & SPA, PERSIARAN LAGOON, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 16 JUNE 2016 AT 3.00 P.M.

PRESENT : **Board of Directors:**
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO (*Chairman*)
Tan Sri Datuk Seri Razman M Hashim
Tan Sri Dato' Dr Lin See Yan
Dato' Chew Chee Kin
Datuk Seri Michael Yam Kong Choy
Wong Chin Mun
Lim Swe Guan
Sarena Cheah Yean Tih

**SHAREHOLDERS/
PROXIES/GUESTS** : As per Attendance Lists

IN ATTENDANCE : Tan Kim Aun (*Company Secretary*)

BY INVITATION Chong Chang Choong (*Chief Financial Officer*)
BDO (*External Auditors and Independent Scrutineer*)

CONFIRMATION OF NOTICE SENT

Upon enquiry from Tan Sri Chairman, the Secretary confirmed that the notice convening the Meeting had been duly sent to all members and with the permission of the members, it was taken as read.

Tan Sri Chairman proposed that Agenda 7 (i.e. to consider and approve Ordinary Resolution No. 10 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature) be brought forward as it would be voted by way of poll and it would require some time to tabulate its results. As there was no objection from the floor, Tan Sri Chairman proceeded with Ordinary Resolution 10.

Tan Sri Chairman then handed over the chairmanship to Mr Wong Chin Mun to preside over Ordinary Resolution No. 10 as Tan Sri Chairman was an interested party.

1.0 ORDINARY RESOLUTION 10

• Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

After explaining the objective and rationale of the resolution, Mr Wong informed the members that he would like to propose that the voting of Ordinary Resolution No. 10 be carried out by way of poll in accordance with Article 73 of the Company's Articles of Association.

He then explained the procedures for conducting the poll and further informed that Messrs BDO had been appointed as the independent scrutineer for the polling exercise. He also informed that the outcome of the poll would be announced at the end of the Meeting in view that it would take some time to tabulate the results of the resolution.

Thereafter, Mr Wong handed back the chairmanship to Tan Sri Chairman.

2.0 AUDITED FINANCIAL STATEMENTS, DIRECTORS' AND AUDITORS' REPORTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Audited Financial Statements, Directors' and Auditors' Reports for the financial year ended 31 December 2015 were tabled for discussion.

Tan Sri Chairman invited Ms Mandy Lim, the Manager-Corporate Finance to address the queries raised by the Minority Shareholder Watchdog Group ("MSWG") vide its letter dated 10 June 2016. The queries raised by MSWG together with the Company's responses were then presented for the information of the members as follows:-

a) Strategic and Financial Matters

Q1 What is the Group's total estimated Gross Development Value (GDV) for its launches in 2016 and planned projects in 2016? What is the total volume of sales achieved to date?

Answer The total GDV of the Group's project launches in 2016 is approximately RM1.6 billion. However, the Group is monitoring the market and may revise the launch plan accordingly.

As at 31 March 2016, the total sales recorded is RM263 million. For comparison, the total sales achieved as at 31 March 2015 was RM247 million.

Q2 Could the Board outline the long term plan to address the labour intensity and related issues in the construction and infrastructure projects of the Group?

Answer The Group's long term plan would be to promote the usage of Industrialised Building Systems (IBS) and precast materials. Our Construction division currently operates precast plants in Singapore and Johor, and has established its position as one of the top three precast producers in Singapore. The Group is ready to transfer this technology and operations to Malaysia.

At present, to address labour intensity issues, Sunway Construction uses formwork systems to reduce labour dependency. The Group has also employed Virtual Design and Construction, an IT enabler to reduce rework, and provides direct employment and in-house skills training for the foreign workers to be plant operators, mechanics and skilled tradesmen. This will indirectly improve labour efficiency and hence reduce the amount of labour required.

Q3 The amount of placement in funds increased significantly from RM330.7 million in FYE 2014 to RM1.1 billion in FYE 2015. Please explain the purpose and usage of this placement in funds and what was the return/gain in amount and percentage terms for the placement in funds in FYE 2015?

Answer The Group had intended to build up some cash reserves to cater for the Group's future expansions. A substantial portion of such cash reserves are placed in trust funds approved by the Securities Commission, which are tax exempt.

The average return rate achieved by the fund managers from placement in funds for the financial year ended 31 December 2015 ranged from 5% to 5.5%.

Q4 What were the reasons for the increase in the Group's other expenses of 28.4% (FY 2015: RM342.4m vs FY 2014: RM266.5m) which outpaced the growth of Group's revenue of -2.4% (FY 2015: RM4.448 billion vs FY 2014:

RM4.558 billion)?

Answer The higher Other Expenses in 2015 was mainly due to the following items:

- i) There was a RM17 million provision for expected losses in our joint venture investment in India in FY 2015 due to unfavourable market conditions.
- ii) There was a fair value loss of RM22 million included in Other Expenses in FY 2015 compared to a fair value loss of RM2 million in FY 2014. For clarity, under the accounting treatment, fair value gain is disclosed under Other Income, and fair value loss is disclosed under Other Expenses.
- iii) The Group eliminates construction profit earned from projects built by the in-house Construction Division, Sunway Construction Group Berhad ("SunCon"). Profits are subsequently recognised progressively at the Group level as the projects are sold/completed. The overhead expenses incurred by the Construction Division would also be reversed accordingly at the Group level. In FY 2015, such overhead expenses were eliminated from the Administrative Expenses of the Group, instead of Other Expenses as in the previous years. The amount eliminated in FY 2014 from Other Expenses was RM46 million, which partly explains the lower Other Expenses and higher Administrative Expenses in that year.

b) Corporate Governance matters

Q1 As stated in the corporate governance statement, the total Directors' remuneration increased from RM22.6 million in FYE 2014 to RM26.8 million in FYE 2015, an increase of 21.2%. Given that the Group's revenue and profit after taxation had declined in FYE 2015, what was the rationale for the increase in the total Directors' remuneration for FYE 2015?

Answer The decline in the Group's revenue in FY 2015 was mainly due to higher elimination of intra-group construction revenue, while the Group's profit after tax was lower due to lower fair value gains recorded from the Group's investment properties in FY 2015 compared to FY 2014. If we adjust for the above, the Group's revenue and core profit after tax would have performed slightly better in FY 2015, despite the challenging market environment.

Based on the above consideration, and the various key performance indicators (KPI) achieved by the Directors such as the implementation of the Group's strategic plan going forward, the Remuneration Committee decided that the higher Directors' remuneration was reasonable and appropriate compared to industry benchmarks.

Q2 The recent announcements to Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements requires companies to publish the summary of key matters discussed at the AGMs onto the companies' website for AGMs held on or after 1 July 2016. In line with this, we hope the Board would publish the summary of proceedings for this AGM on the Company's website.

Answer We will publish the summary of proceedings for this AGM on the Company's website once it is ready.

Tan Sri Chairman then opened the floor for further questions.

The salient enquiries and comments made by the members and proxies as well as responses from the Board and Management were as follows:-

a) In view of the challenging property market, Mr Wan Heng Wah, a shareholder, enquired on the actions taken by Management to improve the sales of the Group's following projects:

- Sophia Hills Condominium in Singapore; and
- Emerald Residence and Emerald Boulevard 88 in Sunway Iskandar.

Ms Sarena Cheah, the Managing Director of Property Development Division ("PDD"), responded as follows:

i) Sophia Hills Condominium, Singapore

Sunway Berhad only has a 30% stake in the joint development with Hoi Hup Realty Pte Ltd. As at to-date, the project had recorded 20% sales. The joint venture had approximately 2 years to complete the project.

Management had implemented targeted marketing campaigns to increase its sales.

ii) Emerald Residence and Emerald Boulevard 88, Sunway Iskandar

Although there was a glut situation in the Johor property market, Management was confident of the success of its projects due to its location within Medini. In addition, the Group's integrated township concept and strong quality branding would be the differentiation factor. Management also focused on improving the sales and delivery of the first precinct of the projects comprising landed homes, serviced apartments, office suites and retails.

The new Coastal Highway Southern Link ("CHSL"), the second link to Singapore as well as the international school within the township would enhance the attraction of the projects. CHSL was expected to be completed in the first quarter of next year. The international school was also targeted to be opened in 2017.

The Group had also introduced a financing option under "Sunway Property Certainty Campaign" to provide easy ownership and assist prospective buyers in securing financing. Management was hopeful that the Campaign would improve the sales for the rest of the year.

b) Mr Too Yoon Kwee, a shareholder, commented that 2016 was a very good year whereby the Group had unlocked the value of the Construction Division when SunCon was listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). Subsequent to SunCon's listing, the Company had declared and paid a special cash dividend of RM0.26 to its shareholders from the proceeds raised from the offer for sale of the shares of SunCon by Sunway Holdings Sdn Bhd, a subsidiary of the Company. However, he noted that the remaining 54% equity stake held by the Group in SunCon was still reflected at cost price in the books.

Mr Chong Chang Choong, the Chief Financial Officer, explained that this was due to Malaysian Financial Reporting Standards (MFRS) 10 which stipulated that as long as the Group retained its management control over SunCon and it remained a subsidiary of the Company, the Group could not reflect the fair value gain on its investment in SunCon.

- c) On the questions raised by another shareholder, Mr Charlie Shak, Tan Sri Chairman clarified that the Bus Rapid Transit (“BRT”) was a public-private partnership project with Syarikat Prasarana Negara Berhad (“Prasarana”). SunCon was the turnkey contractor for the project.
- d) Mr William Ng, a proxy, enquired on the significant increase in the following financial indicators for the financial year ended 31 December 2015:
 - i) Gearing;
 - ii) Receivables in PDD; and
 - iii) Derivatives.

He asked on the Group’s prudent gearing level that Management was comfortable with, actions taken to reduce the high amount of receivables and the Company’s strategies to address the derivatives.

Mr Chong responded that the increase in gearing was due to timing difference. The Group’s gearing would at times increase due to the construction of the property investment assets at Sunway Resort City as well as in other states. As at 31 March 2016, the Group’s net gearing level had reduced to about 37%. Mr Chong noted the concerns raised and assured the members that Management would monitor the Group’s net gearing closely. The prudent gearing limit observed by the Group was net gearing ratio of approximately 50%.

On receivables, Management and the External Auditors had taken a very prudent assessment on all receivables. The high receivables as at 31 December 2015 was due to timing differences as the turnover of the Group surged near the year end. Correspondingly, the receivables would increase as well. He assured the members that it was not an issue of collection.

In respect of the high derivatives, the Group had secured more borrowings in foreign currencies due to their lower interest rates. However, the Group had entered into cross currency swap contracts to lock in the interest rate differentials and hedge the foreign currency exposure risk.

- e) On the query raised in relation to the Perak State Government’s notice to return the undeveloped land of Sunway City (Ipoh) Sdn Bhd (“SCI”), Tan Sri Chairman informed that the Board was advised by the solicitors not to divulge too much on the matter since the case would be referred to arbitration. He added that SCI’s contribution to the Group was not material.

As for the arbitration with Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, Tan Sri Chairman again informed that the Board was not able to disclose much information on it.

- f) In respect to the Group’s purchase of a parcel of freehold land located on a hilltop at Sungai Ara, Penang and the subsequent announcement made by the Penang State Government that developments on highland of certain altitude was not allowed, Tan Sri Chairman informed that the Group was still negotiating with the Penang State Government to reach an amicable solution.

3.0 ORDINARY RESOLUTION NO. 1

• Payment of Directors' Fees

On the motion duly proposed and seconded, the members RESOLVED THAT the payment of Directors' fees amounting to RM455,013.70 for the financial year ended 31 December 2015 be hereby approved.

4.0 ORDINARY RESOLUTION NO. 2

• Re-election of retiring Director pursuant to the Company's Articles of Association

In accordance with Article 107 of the Company's Articles of Association, Mr Lim Swe Guan retired by rotation and being eligible, had offered himself for re-election.

ORDINARY RESOLUTION NO. 2

On the motion duly proposed and seconded, the members RESOLVED THAT Mr Lim Swe Guan be hereby re-elected as a Director of the Company.

5.0 ORDINARY RESOLUTION NOS. 3 TO 7

• Re-appointment of Directors who are over the age of 70 years as Directors of the Company pursuant to Section 129 of the Companies Act, 1965

In accordance with Section 129 of the Companies Act, 1965, Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Tan Sri Datuk Seri Razman M Hashim, Dato' Chew Chee Kin, Mr Wong Chin Mun and Tan Sri Dato' Dr Lin See Yan who were over the age of 70 years, vacated office as Directors of the Company.

Tan Sri Chairman then handed over the chairmanship to Mr Wong to preside over Ordinary Resolution No. 3 as Tan Sri Chairman was an interested party.

ORDINARY RESOLUTION NO. 3

On the motion duly proposed and seconded, the members RESOLVED THAT Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling be hereby re-appointed as a Director of the Company.

Mr Wong then handed back the chairmanship to Tan Sri Chairman.

ORDINARY RESOLUTION NO. 4

On the motion duly proposed and seconded, the members RESOLVED THAT Tan Sri Datuk Seri Razman M Hashim be hereby re-appointed as a Director of the Company.

ORDINARY RESOLUTION NO. 5

On the motion duly proposed and seconded, the members RESOLVED THAT Dato' Chew Chee Kin be hereby re-appointed as a Director of the Company.

ORDINARY RESOLUTION NO. 6

On the motion duly proposed and seconded, the members RESOLVED THAT Mr Wong Chin Mun be hereby re-appointed as a Director of the Company.

ORDINARY RESOLUTION NO. 7

On the motion duly proposed and seconded, the members RESOLVED THAT Tan Sri Dato' Dr Lin See Yan be hereby re-appointed as a Director of the Company.

6.0 ORDINARY RESOLUTION NO. 8

• Appointment of Messrs BDO as Auditors

On the motion duly proposed and seconded, the members RESOLVED THAT Messrs BDO, having indicated their willingness to continue in office, be hereby re-appointed as Auditors of the Company for the ensuing year until the next Annual General Meeting at a remuneration to be fixed by the Directors.

7.0 ORDINARY RESOLUTION NO. 9

• Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

On the motion duly proposed and seconded, the members RESOLVED THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors might in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution did not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

8.0 ORDINARY RESOLUTION NO. 11

• Proposed Authority for the Purchase of Own Shares by the Company

On the motion duly proposed and seconded, the members RESOLVED:-

- (I) THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company as might be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors might deem fit and expedient in the interest of the Company PROVIDED THAT:-
 - (a) the aggregate number of ordinary shares of RM1.00 each in the Company ("Sunway Shares") which might be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time, subject to a restriction that the issued and paid-up share capital of the Company did not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities;
 - (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Sunway Shares shall not exceed the Company's audited retained profits and/or share premium account at any point of time;

- (c) the authority conferred by this resolution would commence immediately upon passing of this Ordinary Resolution and would continue to be in force until:-
- (i) the conclusion of the next Annual General Meeting (“AGM”) at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first; and

- (d) upon completion of the purchase(s) of the Sunway Shares by the Company, the Directors of the Company be hereby authorised to cancel the Sunway Shares so purchased or to retain the Sunway Shares so purchased as treasury shares (of which might be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the Sunway Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.
- (II) AND THAT the Directors of the Company be hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the Sunway Shares with full powers to assent to any conditions, modifications, variations and/or amendments as might be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors might deem fit and expedient in the best interest of the Company.

9.0 ORDINARY RESOLUTION NO. 12

- **Proposed Renewal of the authority for Directors to allot and issue new ordinary shares in relation to the Dividend Reinvestment Scheme**
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On the motion duly proposed and seconded, the members RESOLVED:-

- (I) THAT pursuant to the Dividend Reinvestment Scheme (“DRS”) approved at the Extraordinary General Meeting held on 26 June 2014, approval be hereby given to the Company to allot and issue such number of new Sunway Shares for the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors might, in their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Sunway Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-market day volume weighted average market price (“VWAP”) of Sunway Shares immediately preceding the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and not less than the par value of Sunway Shares at the material time.
- (II) AND THAT the Directors and the Secretary of the Company be hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as might be imposed or agreed to by any relevant authorities or consequent upon the

implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company.

10.0 ORDINARY RESOLUTION 10

• Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

After tabulation of the results for Ordinary Resolution No. 10 and based on the members and proxies who were present and voted, the resolution was duly passed with 361,959,312 ordinary shares (98.3%) voted for the resolution and 6,261,266 ordinary shares (1.7%) voted against the resolution.

It was hereby RESOLVED:

- (I) THAT approval be hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 29 April 2016 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.
- (II) THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate would lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
 - (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as might be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever was the earlier.
- (III) THAT authority be hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as might be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

CONCLUSION

There being no other matters discussed, the Meeting concluded at 4.10 p.m. with a vote of thanks to the Chair.