

SUNWAY BERHAD

AGM - 2 SEPTEMBER 2020

Questions from shareholders (AGM & EGM)

GENERAL

1. **Based on Board of Directors perspective, is Sunway shares suitable to hold and treat as long term investment? And what is the fair price for Sunway?**

We are not in the position to advise on this. You should consult a professional adviser for advice.

2. **Does Sunway have a dividend policy for the shareholders?**
3. **Is Sunway able make more dividend payout rather than giving shares as rewards?**

The Board has endorsed a minimum dividend policy of 20% of core PATMI to be distributed annually. Barring any unforeseen circumstances, it is the intention of the Board to pay dividend twice a year.

4. **Since the MCO started in March 2020, has the company purchased any shares back when the share price drops, if had, how many shares were purchased, at what price were the shares purchased at?**

Up until the date of the AGM, we have not performed any shares buy back since the commencement of MCO on 18 March 2020.

CORPORATE GOVERNANCE

5. **[Ordinary Resolution 1] The directors' fees of RM0.855 million is only limited to non-executive directors. What about the RM0.1 million directors' fees for executive directors? As per Section 230 of Companies Act 2016, all the directors' fees of a public listed company or subsidiary company of a public listed company requires approval from shareholders at the annual general meeting.**

The Executive Director's fee of RM0.1 million was paid in relation to his position as Non-Executive Director fee at our listed subsidiary, Sunway Construction Group Berhad ("**SunCon**"). The fee was approved at SunCon's 6th annual general meeting held on 5 August 2020.

6. **[Ordinary Resolution 2] There is no such resolution in the prior year annual general meeting. Why is such a resolution required for this year? Is this RM0.6 million directors' benefits to the non-executive directors include meeting allowances? If not, why it is not included? Is this RM0.6 million directors' benefits to the non-executive directors sufficient till next AGM, e.g. June 2021? [(RM0.12 million X 4) + RM0.36 million] X 10/12 months = RM0.7 million.**

We have been obtaining shareholders' approval for this resolution since 2018 when the new Companies' Act 2016 came into effect. The payment of benefits to Non-Executive Independent Directors comprises mainly of meeting allowance of RM1,000 per meeting for attending the Board and Board Committee Meetings. The amount is sufficient until the next AGM.

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7. **[Ordinary Resolution 6] Since Mr Wong Chin Mun has already served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, how did the Board satisfy themselves that he is still perceived as independent? As per Malaysia Corporate Governance (“CG”)’s guideline, any director who serve for more than 9 years shall redesignate to non-independent directors. Does the Board agree with the CG?**

The Board had discussed and deliberated thoroughly on the matter and have come to a conclusion that they are completely convinced that Mr Wong is independent in his approach, thinking and deliberation. He has contributed tremendous input within his capacity as an Independent Non-Executive Director. As such, the Board have no reason to believe that he should cease from being independent in carrying out his duties in that capacity and the Board is of the view that his membership on the Board should be maintained.

On 21 September 2020, Mr Wong Chin Mun has resigned from the Board as a Senior Independent Non-Executive Director and Datuk Tong Poh Keow has been appointed as Independent and Non-Executive Director.

8. **Who will be the next successor of Sunway Group?**

Sunway Group has put in place succession plan for all key positions within the Group to minimise any disruption to the Group’s operations. Any change in key management role will be announced as per the listing rules.

PROPERTY DEVELOPMENT

9. **Regarding the RM160 million of development profits for Singapore and Tianjin, China projects which will be recognised upon vacant possession delivery in 2H2020, which paragraph(s) of MFRS 15 that prohibited the company from recognizing profit from these overseas projects until completion?**

MFRS 15 should be interpreted in conjunction with the local rules and regulations, as stipulated in MFRS 15 paragraph 10.

Revenue was recognised at a point in time in accordance with MFRS 15 paragraph 38 for both the Singapore and Tianjin, China projects because the criteria for revenue recognition over time in MFRS 15 paragraphs 35 to 37 were not met.

As most of our Singapore projects are Executive Condominium (EC) which is governed under the regulations of the Singapore Housing and Development Board (HDB), the completion of sale is subject to the buyer meeting certain eligibility rules at the date of Temporary Occupation Permit (TOP), which is equivalent to the Vacant Possession (VP) in Malaysia. Therefore, the developers of an Executive Condominium will not be able to recognise revenue until TOP. This accounting treatment in Singapore is consistent with the prescribed interpretation of IFRS 15 in Singapore issued by the ISCA in 2017.

Similarly, for our China projects, revenue can only be recognised when the ownership is transferred to buyers during the physical key handover, which is equivalent to the Vacant Possession (VP) in Malaysia.

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- 10. Could you elaborate on the strategy of Sunway Iskandar and how much does it contribute to the revenue and profit of Sunway Group?**

Sunway Iskandar has been masterplanned to be an integrated township similar to what we have here in Sunway City KL, complemented with seafront views of the Straits of Johor, and the meandering Pendas River running through the development. The overall master plan allows for a development plot ratio of 1, giving it a spacious and eco-friendly living environment.

This development is expected to take more than 20 years to complete and we have over the last 5 years made significant progress including the completion of the Sunway Big Box Retail Park, Sunway International School, the X-Park and have sold over RM1 billion worth of properties in the township. As the township is still in its gestation period, Sunway Iskandar has yet to contribute meaningfully to the Group's financials but we look forward to greater contribution in the coming years.

Sunway Iskandar is a joint-controlled entity with Khazanah Nasional. Accordingly, the accounting treatment is on an equity accounting basis whereby the Group will only account for the share of profit in Sunway Iskandar. Please refer to Note 21 on page 280 in the Annual Report 2019 for the financial information of this entity.

- 11. Regarding Sunway PKNS Sdn Bhd group, noted that there was RM121 million of net cash used in investing activities, but the non-current assets only increased by RM21.2 million (2019: rm194.4 million; 2018: rm173.2 million). Could the management explain what purposes had the investing cash outflows of Sunway PKNS Sdn. Bhd. Group being used for?**

The net outflow of RM121 million in investing activities was due to transfer of cash and bank balances to placement in funds, which earn tax-exempt returns.

- 12. Regarding the joint venture of Hoi Hup group, what had caused both the other current assets and non-current liabilities increased by circa RM3.2 billion compared to FY2018?**

The increase in other current assets in 2019 was mainly due to higher properties development costs for existing projects. The corresponding increase is in the amount due to joint ventures and bank borrowings under non-current liabilities.

PROPERTY INVESTMENT & REIT

- 13. Refer to Q&A from MSWG: The gain from disposal of Sunway University will be recouped by the rental income in slightly more than a year? If yes, what's the rationale for the disposal?**

Sunway University was disposed of to our associate company Sunway REIT for RM550 million which enabled the Group to deploy the proceeds to repay existing borrowings, finance the Group's working capital and capital expenditure and other investments.

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- 14. SC temporary allow increase gearing to 0.6 time, SunReit got any plan increase the REIT gearing?**

Sunway REIT does not intend to increase the gearing position to that level. In addition, it is only a temporary relief measure granted by SC.

- 15. Regarding REIT, would the company absorb the stamp duty for the dividend reinvestment scheme?**

The stamp duty for the dividend reinvestment scheme will not be absorbed by the company (Sunway REIT).

HOSPITALITY

- 16. With the hospitality segment badly hit and its outlook is expected to remain challenging, when would the launching of Sunway Big Box Hotel, Johor be expected given that the completion date had been delayed to Q1 2021? (page 92 of annual report & page 14 of EGM circular)**

The construction of the Sunway Big Box Hotel in Johor is currently progressing based on the revised schedule. Based on the revised completion date, the indicative launch of the hotel is still within the first half of 2021.

CONSTRUCTION

- 17. Construction segment targets to replenish its order book by RM2.0 billion in FY2020 and YTD had secured RM1.5 billion worth of new contracts. Does the management optimistic to surpass the order book replenishment target and what is the revised target? (page 97 of annual report and slide 2 of Q2 2020 results briefing pack)**

We remain optimistic to achieve the replenish order book target of RM2 billion for FY 2020.

HEALTHCARE

- 18. Understand from Media report years ago that Sunway intend to offer Sunway Medical Centre for IPO anytime from now. With current situation, how much the progress is affected and estimate will delay how long?**
- 19. Is there any IPO timeframe for Sunway healthcare division?**
- 20. Is the listing of medical arm still on track? Is current market a good time to IPO since the pandemic has elevated the awareness of healthcare and related stocks has been soaring since.**
- 21. For Sunway's healthcare division, when will the management list this division?**
- 22. The HealthCare Division has progressed remarkably. Are there any plans to list the HealthCare division in the near future. If so when?**
- 23. Will Sunway Medical division be listed soon?**
- 24. Is the Sunway medical IPO still in planned as shared in last year AGM? If there is delay, what's the timeline like?**

On 4 September 2020, the Company has announced that it has appointed Maybank Investment Bank Berhad to explore strategic investment options for its healthcare portfolio,

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in line with the Company's objective to enhance shareholder value as the Company continues to explore and evaluate various options for all its businesses.

Should there be any material development, the Company will make the necessary announcement, in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

25. Is the management plan to list the Sunway medical arm with Sunway University?

We would like to clarify that Sunway University is not part of the businesses under Sunway Berhad.

Sunway Group Founder and Chairman Tan Sri Dr Jeffrey Cheah is the founder and trustee of the Jeffrey Cheah Foundation (JCF) in his personal capacity. Tan Sri Dr Jeffrey Cheah established the Sunway Education Trust Fund in 1997, which was converted to the Jeffrey Cheah Foundation (JCF) in 2010. He transferred his equity in Sunway Education Group's (SEG) learning institutions worth several billion Ringgit today to the Foundation in perpetuity. The Foundation is governed by a distinguished board of trustees with His Royal Highness Sultan of Selangor as its Royal Patron.

SEG and JCF are not-for-profit stand-alone entities that is not part of the businesses under Sunway Berhad.

26. Sunway Medical Centre Velocity (SMCV) continued to incur losses (1H2020 of -RM21.5 million; FY2019: -RM17.8 million). Does management expect SMCV to widen or narrow its losses in 2H2020, what is the forecasted full year profit/loss, and when would SMCV be projected to breakeven and start making profits?

27. I visited Sunway Medical centre every week since CMCO and noticed that there are a lot of patients/outpatients however why is this not reflected in the numbers for Q2 as I still notice Medical division suffering losses which is mainly due to Velocity still in early stages of operation?

28. How was operation loss in medical section of Sunway?

Based on the healthcare industry benchmark, a new hospital will take between 3-5 years to become profitable. Barring any unforeseen circumstances, our Sunway Medical Centre Velocity which commenced operations in September 2019 is expected to become profitable before the end of 2022.

29. How many new hospitals under construction?

Currently, Sunway Medical Centre Seberang Jaya, Penang and the expansion of Sunway Medical Centre (Tower D&E) are under construction.

30. Does Sunway Berhad plan to diversification the healthcare business into various such as medical aesthetics or medical product (OBM/ODM)? The demand is growth rapidly in global currently

At present, aesthetics is a component of Sunway Healthcare Group's clinical specialty, provided as part of the comprehensive specialty and sub-specialty services within our

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hospitals. Our medical practitioners are registered with the relevant councils and possess higher qualifications in dermatology, plastic surgery and its related medical fields.

Although we are always on the look-out for any strategic opportunities, at this stage we do not intend to diversify into the OBM/ODM and do not foresee that it will be a major contributor to our Healthcare Group.

31. Does Sunway have venture or planning of having distribution or participate in vaccine development for Covid-19? Any upcoming expansion in medical segment in the long run, like investing in medical researching?

Currently Sunway Healthcare Group has not embarked on COVID-19 vaccine development or distribution. However, we are collaborating with University of Cambridge to research on the genomic composition of local SAR-CoV-2 virus, in hope to increase our understanding of the transmission dynamics of COVID-19 outbreak in Malaysia.

While it is the Group's strategic direction to increase its participation in the field of medical research for the advancement of medicine and improvement of clinical outcomes, our focus on hospital operations and the expansion of our hospital network remains our immediate priority.

QUARRY

32. Regarding the contingent consideration for second tranche related to acquisition of Blacktop Group which shall be determined based on the aggregate net asset value per share of blacktop as at 25/7/2020, what is the actual considerations paid/payable and any material variance compared to the initial estimate of RM28 million? (page 262 of annual report)

We are currently in the process of finalising the balance of the purchase consideration amounts. Once the transaction is completed, we will make the necessary announcement.

33. Among (the) Quarry product(s), which is most profitable?

Our quarry products of aggregates and premix are used in different type of industries and projects. The price of the product depends on the market conditions, underpin by the supply and demand of the product.

34. Expected impact of 2020 oil price scenario to Quarry profit in Yr 2020?

Oil prices will impact the price of the bitumen in our premix product. The profitability of our Quarry division is dependent on market conditions, underpin by the supply and demand of their products.

FINANCIALS

- 35. Could the management split the disposals and write-offs of property, plant and equipment in the PPE schedule in order to provide more clarity and able to reconcile to other notes and statements of cash flows? (page 241 of annual report)**

We take note of your suggestion and will consider the feasibility of such disclosures in future annual reports.

- 36. There is RM86.9 million of investment properties (IP) transferred to IP under construction category. Could the management explain why these IP being transferred from completed category to under construction category? Is it due to refurbishment, renovation, expansion or due to wrong categorisation in prior year? (page 247 of annual report)**

In accordance with MFRS 140 Investment Properties para 8(b), there was a reclassification for a piece of land from Investment Property to Investment Property Under Construction as the management has decided to develop a building on the said land.

- 37. For Goodwill impairment testing, the discount rate used across Quarry, Construction, and Property Investment is the same of 8.5% but it is disclosed that the discount rates reflect specific risks relating to the relevant segments. Could the management explain why the same discount rate of 8.5% being used across the segments given that different segments are having different risk profiles and hence, quite unlikely for having the exactly same discount rate?**

Sunway Group has internally estimated the discount rates based on certain prescribed criteria, for example, borrowing rates, internal credit ratings, risk profiles etc. The resulting discount rates set for each of the industries vary and they are lower than 8.5%. However, the Group chose to top up the discount rates to 8.5% as additional risk premium to cater for unforeseen circumstances. The incremental % that was put in did not result in any significant impairment to the goodwill.

- 38. The estimated value for provision for financial assistance with Sunway Technology Group and SCG Group had decreased from RM225 million (previous estimated value) to RM78 million (new estimated value). What had caused this material decrease in estimation? Furthermore, the actual value transacted was nil and hence, is this RRPT considered necessary?**

The previous estimated value for provision for financial assistance with Sunway Technology Group was higher based on a projected leasing and factoring business to Suntech group which did not materialise. However, for 2020, we have estimated RM78 million based on the term loan financing from their East Malaysia's project and potential invoice factoring business going forward.

- 39. Can you add and show Value distribution pie chart 2019 shown in pg 27 in the breakdown for four segmental performances, on top of total summary**
- 40. The table in page 71, please add in column of "Return of capital employed" to confirm or justify the reason of low profit margin over revenue in trading manufacturing, quarry, building material and others**

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We take note of the suggestions and will consider the feasibility of such disclosures in future annual reports.

41. **What is the action plan should those business falls below market standard of ROCE in their respective trade?**
42. **If those business in Question 2 are having lowest ROCE in Sunway Bhd business activities, would there any redeployment of scarce capital resources?**

In any business operations, there will be changes in the market conditions which could impact the respective businesses in the short term. These business segments are synergistic to the Group's Build, Own and Operate business model. The long term returns from these business operations are within the Group's ROCE.

43. **Refer to page 212 of the Annual Report, how to derive the RM233.580 million depreciation and amortization expenses? Depreciation on property, plant and equipment RM225,029 million + amortization on intangible assets RM8.067 million + amortization on rock reserves RM0.263 million = RM233.359 million.**

The difference of RM0.221 million was from the depreciation of biological assets. It was not disclosed in the annual report due to immateriality.

HUMAN RESOURCES

44. **On pg 42, the risk to the "highly experienced professional talent" business strength is being "unable to retain high performance employee due to lack of industry talent".**
 - **Is Sunway HR good at punitive approach when they claim concentrating their effort on engaging employee?**
 - **What are those engagement methods stated in Sustainable Report?**
 - **Any justification those engagements are effective?**
 - **What HR activity and engagement have brought comfort and bring out the process efficiency and best of employee?**
 - **The saying of employee tends to leave company because of superior, immediate or non-direct reporting superior. Any study on those turnover is not attributed to this suggested scenario? I much like to have this detailed report, if i may.**
 - **Is the turnover ratio of Sunway being bench marked against other industry?**
 - **Has a bench mark of % turnover become HR KPI indicator?**

Sunway takes pride in developing and retaining our talent. We have a proper performance management system in place which is based on key performance indicators whilst employee engagement is a process to improve employees' well-being and organisational productivity.

We partnered with a reputable global HR consulting firm in driving our employee engagement and engaged an external consultant firm to run our employee engagement survey annually. Sunway's employee engagement score has progressively improved over the last few years. We diligently follow-up and follow through the action plans developed post engagement survey which addresses the concerns and feedback arising from the employee engagement survey.

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Our overall employee turnover rate is in line with the general market and this turnover rate is part of HR Key Performance Indicator.

SUSTAINABILITY

45. What are the Top 3 Sustainability Priorities of Sunway Group? How these Sustainability initiatives will help Sunway business growth during this difficult period and in long term?

Sunway is committed to the 17 United Nations Sustainable Development Goals. At Sunway, sustainability is an essential element in our business. Our top 3 sustainability priorities during this difficult period and beyond are:

Environmental: Energy Management (Climate change)

Energy efficiency improvement and solar energy projects have reduced energy cost leading to overall lower operating cost as energy consumption cost is one of the major operational costs.

Environmental: Water Management

Promoting water security and ensuring sustainable water management are essential parts of mitigating our impact on the environment while ensuring business continues as usual. Having some of our water supplied from our own water treatment plant has helped to reduce risk of water shortages in our buildings, maintaining our customer satisfaction and comfort while working or shopping in our buildings.

Social: Health & Safety (Customers & Employees)

The Company have undertaken certain actions for implementation of the standard operating procedures during MCO, CMCO and RMCO, such as investment in thermal scanners, sanitising stations, frequent fogging disinfection at public areas and maintaining social distancing protocols. Despite the initial costs to implement these standard operating procedures, the necessity to build retail confidence is critical and paramount.

46. Is our company buying office paper from Indonesia pulp and paper manufacturers with a long history of deforestation as reported by WWF and Greenpeace?

According to Sunway Berhad's 2019 annual report, reputational risk is not on our company's risk register. Might reputational risk be a concern if our company is supporting a manufacturer implicated in deforestation?

Sunway's Group Procurement practises a sustainable and responsible procurement chain across the entire group. Our paper comes from an Indonesia pulp source which is PEFC certified (Program for the Endorsement of Forest Certification). We will only procure from sustainable source of supplies.

COVID-19 IMPACTS

47. Please share the current business of Sunway during MCO and RMCO and expected impact until Dec 2020
48. Can the company share business updates since RMCO started for the hotels, theme park, shopping malls and medical centre. Has visitorship and numbers improve or it's still very subdued?
49. What is the management view for the pandemic impact?

Under the CMCO, most of our businesses have been allowed to recommence whilst observing the standard operating procedures imposed by the Government such as social distancing, temperature measurement and recording details of customers/visitors. Upon the implementation of CMCO, our employees have gradually begun working on site at our Group's offices and premises based on the work requirements of the various business divisions.

Since the resumption of businesses across the segments, we are seeing recovery in our retail malls and medical segments. Likewise, for the hotels and theme park, we are seeing some recovery albeit at a slower pace due to travel restrictions.

While we remain cautious on the outlook amidst the uncertainties caused by the pandemic, we expect our various business segments to recover, but it will be at a varying pace depending on the sectors in which they operate.

50. What is the preventive measure from the management team on sudden outbreak issue (e.g. pandemic Covid-19/political instability)?

In line with the directives issued by the Government, our Group has implemented several procedures in our business conduct to safeguard and protect our employees and customers. These procedures include the following:

- (i) prohibiting visitors from visiting offices of our Group unless absolutely necessary;
- (ii) all visitors to the offices or premises of our Group are required to register/record their details upon entry or fill up our self-declaration application prior to their visit to our business premises and only visitors who have a QR code generated upon filling up the application are allowed to enter the business premises; and
- (iii) all visitors to our Group's premises are required to wear face masks, undergo temperature measurement, register their attendance and to sanitise their hands before entering our business premises.

51. Was there any lay off of staffs (specially the company hotel sector) during this pandemic crisis? Were there also any pay-cut for staffs & directors of the company if the pandemic crisis affected the performance of the company overall?

To mitigate the consequences of the pandemic, the Group has activated its Business Continuity Plan (BCP) and all the business units within the Group have taken a range of cost saving measures in accordance with industry-specific challenges and practices. As some of our businesses are worse hit than the others, the affected business units adopted

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austere measures such as recruitment freeze, curtailment of overtime pay-out, reduction of working days, pay cut for senior management staff and multitasking among teams. We only conducted lay-off as absolute last resort in the case where business continuity and sustainability are severely impacted by the pandemic.

52. Since company performance has been impacted, are director fees also must be cut 50% for this year?

Independent directors' fees are paid based on their responsibility as a director in governance and not tied to the company's performance.

PROSPECTS

53. Please share future grow expansion plan of Sunway.

54. Prospect for FY 2021, business will go back to growth?

55. What is the company plan for the coming 5 years?

We expect the earnings visibility of the Group to be underpinned by our (a) diverse property development portfolio (b) unbilled property sales of RM3.2 billion as at 30 June 2020 and (c) healthy outstanding construction order book of RM5.4 billion as at 30 June 2020.

The sustainability of the performance of each business segments are dependent on the prospective business conditions in which they operate in.

56. Besides healthcare expanding overseas into Singapore, what other business expanding overseas in year 2021 onwards?

We wish to clarify that Sunway Medical Centre Singapore is only a primary care healthcare medical provider providing outpatient consultation and health screening services.

Sunway has a global presence in over 50 locations across 11 countries by its diverse business segments. To this end, we continue to have discussions with various parties on potential opportunities involving the businesses and affairs of the Company and its subsidiaries with a view to enhance shareholder value. Should there be any material development, the Company will make the necessary announcement, in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

OTHERS

57. On 24th April 2020, Sunway announced they acquired the Credit Bureau Malaysia, is this acquisition is successful or it still pending stage? How many profits it can make from this acquisition in long term?

Acquisition of the Credit Bureau Malaysia was successfully completed in June 2020. We are confident to grow this new business based on the Group synergy which can be brought to complement this business.

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58. What is Sunway Berhad's progress towards pursuing a digital bank license? Will it be via a consortium of companies?

We are in talks with several potential partners with the same sustainability-driven values and the right synergies to form a possible consortium for the digital banking license. The resulting consortium will have the talent, a wider distribution network, technology, capital and know-how to bid for the license.

We have yet to confirm any details as discussions are still in progress.

59. Sunway pharmacy business, is this part of Sunway portfolio? Is this making any profit or loss? If making loss, please give reasons and what action plan you are taking?

Sunway Pharmacy is a relatively new and small portfolio within Sunway Group. It is not yet profitable, but we are seeing improvement as the business grows. We are confident to grow this new business based on the Group synergy which can be brought to complement this business.

60. How much does the company spend on this virtual AGM?

The bulk of the virtual AGM expenses goes to ensure that there is a proper online registration platform to enable the shareholders to have a seamless connection to access the virtual meetings and ensuring that the virtual AGM is conducted smoothly for the shareholders' benefit. We are not able to share the full cost incurred at this juncture but the amount is not material.

61. Would there be any e-voucher to be given to shareholders who attend this Virtual AGM today since the company had a substantial high saving in conducting this Virtual AGM & with shareholders, also facing a sudden massive hard & tough times during the MCO & current RMCO?

62. Is there any free gift for shareholders this year? if not, why?

63. Can give food voucher so we can dine at Sunway Food outlets?

64. Can Sunway give some token of appreciation (e.g. e-voucher for shopping at Sunway Pyramid/Sunway Pals points)?

65. Would the board kindly consider by giving e-voucher as reward to shareholder who take interest to participate in this RPV?

It is not our company policy to issue any door gifts to shareholders attending the Annual General Meeting.

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EGM

GENERAL

1. **In BoD perspective, do you consider the company balance sheet as healthy or just moderate? Can explain further in details.**
2. **Do you consider company borrowing is overloaded? Does the company have any plan to pare down the liabilities?**
3. **Is Sunway having a cash flow liquidity problem therefore announce with this ICPS resolution? As I can see current total cash on hand is only around RM6 billion while total borrowings is RM9 billion.**

As of 30 June 2020, the Group's net gearing ratio stood at 0.47 times which is within the Group's prudent net gearing target.

The Group has announced a proposed renounceable rights issue of new irredeemable convertible preference shares (ICPS) as part of its proactive strategy to further strengthen its capital base as well as to capitalise on any attractive acquisition opportunities which may arise from the economic fallout of this pandemic crisis.

WARRANTS

4. **I am new to this so just out of curiosity, more warrants will be issued meaning to current warrant holders or to the public? What will be the adjusted warrant price?**
5. **Based on the section 7.5 of the circular, the exercise price of existing warrants will be adjusted downwards and additional warrants will be issued to the existing warrant holders. 1) Is my understanding correct? 2) Assuming the ICPS listed in mid-October, the additional warrants will also be issued on the same day?**

The resulting additional warrants to be issued as a result of the ICPS issuance will be made available only to existing warrant holders. The exercise price of the existing warrants will also be adjusted accordingly and the lower revised exercise price will be announced at the entitlement date.

DIVIDENDS

6. **It is stated on page 3 of the circular that the payment of the preferential dividend of 5.25% per annum is at the discretion of the Board. Does it mean that 5.25% dividend is not guaranteed?**

The payment of the preferential dividend is at the discretion of the Board depending on the business performance and hence it is not guaranteed. The maximum rate of the preferential dividend that can be declared and paid shall be capped at an indicative amount of 5.25% per annum calculated based on the Issue Price. In the event that the Profits is less than the Indicative Preferential Dividend Amount, the Company may, at its sole discretion but without obligation, utilise the retained earnings to declare and distribute Preferential Dividends up to the Indicative Preferential Dividend Amount.

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OTHERS

7. How do I subscribe for this ICPS? Can you show me the steps? Thank you

You should consult a professional adviser for advice on the steps to subscribe for the ICPS.