

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular pertaining to the Proposed Constitution Amendments (as defined herein) before its issuance as it is prescribed as an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirement of Bursa Securities.



SUNWAY BERHAD

(Registration No. 201001037627 (921551-D))
(Incorporated in Malaysia)

CIRCULAR TO OUR SHAREHOLDERS IN RELATION TO THE:

- (I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,112,777,962 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") IN SUNWAY BERHAD ("COMPANY") AT AN ISSUE PRICE OF RM1.00 PER ICPS ON THE BASIS OF ONE ICPS FOR EVERY FIVE EXISTING ORDINARY SHARES IN OUR COMPANY HELD BY OUR ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED LATER; AND**
- (II) PROPOSED AMENDMENTS TO THE CONSTITUTION OF OUR COMPANY**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Sole Principal Adviser



RHB INVESTMENT BANK BERHAD

(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of our Company together with the Form of Proxy are enclosed in this Circular and are available on our Company's website at www.sunway.com.my. The details of our forthcoming EGM, which will be held on a fully virtual basis, are as follows:

- | | |
|---|--|
| Broadcast Venue of the EGM | : The Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan |
| Last date and time for lodging of the Form of Proxy | : Tuesday, 1 September 2020 at 2.30 p.m. |
| Date and time of the EGM | : Wednesday, 2 September 2020 at 2.30 p.m or at any adjournment thereof. |

You are encouraged to attend, participate, speak (*in the form of real time submission of typed texts*) and vote remotely at our EGM using the Remote Participation and Voting ("**RPV**") Facility provided by our Share Registrar via its website at www.sunwaymanagement.com.my. Please follow the procedures for the RPV Facility provided in the Administrative Details for our EGM which is available on our Company's website at www.sunway.com.my. If you are unable to participate in our online EGM, you may appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete and deposit the Form of Proxy at the registered office of our Company located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, submit via email to sunwaymanagement@sunway.com.my or fax to (603) 5639 9507 not less than 24 hours before the date and time fixed for our EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating in our online EGM should you subsequently wish to do so.

This Circular is dated 11 August 2020

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
Board	:	Our Board of Directors
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to our shareholders dated 11 August 2020 in relation to the Proposals
CMCO	:	Conditional MCO which was imposed by the Government of Malaysia on 4 May 2020 up to 9 June 2020
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company
Conversion Price	:	Conversion price per ICPS which shall be fixed on a date to be determined and announced by our Board after all relevant approvals have been obtained and before the Entitlement Date, and at the lower of: (i) RM1.00 per Sunway Share; and (ii) an RM amount equivalent to up to 20% discount to the five-day VWAP of Sunway Shares immediately before the price-fixing date, subject to any applicable adjustments.
COVID-19	:	Coronavirus disease 2019
Deed Poll	:	The deed poll dated 19 September 2017, constituting the Warrants and governing the rights of Warranholders entered into by our Company
Director(s)	:	The director(s) of our Company as at the LPD and has the same meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Our shareholders whose names appear in the Record of Depositors of our Company as at the close of business on the Entitlement Date
Entitlement Date	:	A date to be determined and announced later by our Board for our Entitled Shareholders to be entitled to subscribe for the ICPS
EPS	:	Earnings per Share
Foreign-Addressed Shareholders	:	Shareholders who have not provided to our Company a registered address or an address for service in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue of ICPS
FYE	:	Financial year(s) ended

DEFINITIONS (CONT'D)

Government	:	Government of Malaysia
ICPS	:	Irredeemable convertible preference shares in our Company to be issued under the Proposed Rights Issue of ICPS
INR	:	Indian Rupee
Issue Price	:	Issue price of the ICPS, being RM1.00 per ICPS
LCD	:	30 June 2020, being the latest practicable date before the printing of this Circular of which a particular matter referred to in this Circular could be calculated
LPD	:	15 July 2020, being the latest practicable date before the printing of this Circular
Market Day(s)	:	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming: <ul style="list-style-type: none">(i) all the existing 32,550,065 treasury shares as at 30 July 2020 are resold in the open market at their respective acquisition prices before the Entitlement Date;(ii) all the outstanding 629,958,045 Warrants as at 30 July 2020 are exercised into new Sunway Shares at the exercise price of RM1.72 per Sunway Share before the Entitlement Date; and(iii) all the ICPS are fully subscribed by all of our Entitled Shareholders on a pro-rata basis
MCO	:	A movement control order which was imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020
Minimum Scenario	:	Assuming: <ul style="list-style-type: none">(i) all the existing 32,550,065 treasury shares as at 30 July 2020 are retained in our Company on the Entitlement Date;(ii) none of the outstanding 629,958,045 Warrants as at 30 July 2020 are exercised into new Sunway Shares before the Entitlement Date; and(iii) only the Undertaking Shareholders subscribe for their respective entitlements of the ICPS based on their Undertakings
Minimum Subscription Level	:	Minimum subscription of 612,793,545 ICPS to raise a minimum of RM612.7 million
NA	:	Net assets
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Proposals	:	Collectively, the Proposed Rights Issue of ICPS and the Proposed Constitution Amendments

DEFINITIONS (CONT'D)

Proposed Constitution Amendments	:	Proposed amendments to the Constitution to facilitate the issuance of the ICPS
Proposed Rights Issue of ICPS	:	Proposed renounceable rights issue of up to 1,112,777,962 ICPS at the Issue Price on the basis of one ICPS for every five existing Shares held by our Entitled Shareholders on the Entitlement Date
Record of Depositors	:	A record of securities holders of our Company established and maintained by Bursa Depository under the Rules of Bursa Depository
RHB Investment Bank or Sole Principal Adviser	:	RHB Investment Bank Berhad
RM and sen	:	Ringgit Malaysia and sen respectively
RMCO	:	Recovery MCO which was imposed by the Government of Malaysia on 10 June 2020
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
SC	:	Securities Commission Malaysia
Shareholders	:	Our registered holders of Sunway Shares
Sunway or Company	:	Sunway Berhad
Sunway Group or Group	:	Collectively, our Company and our subsidiaries
Sunway Share(s) or Share(s)	:	Ordinary share(s) in our Company
TERP	:	Theoretical ex-rights price
Undertaking Shareholders	:	The following undertaking shareholders who/which have provided his/its respective Undertakings: <ul style="list-style-type: none"> (i) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO; (ii) Ms. Sarena Cheah Yean Tih; (iii) Mr. Evan Cheah Yean Shin; (iv) Sungei Way Corporation Sdn. Bhd.; (v) Active Equity Sdn. Bhd.; and (vi) Jef-San Enterprise Sdn. Bhd.
Undertakings	:	The written undertakings from the Undertaking Shareholders dated 6 July 2020 pursuant to which the Undertaking Shareholders have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for their respective entitlements of ICPS based on their shareholdings in our Company as at 30 June 2020
VWAP	:	Volume-weighted average market price
Warrantholders	:	Our holders of Warrants
Warrants	:	Outstanding warrants 2017/2024 issued by our Company on 4 October 2017 constituted under the Deed Poll.

DEFINITIONS (CONT'D)

References to “**our Company**”, “**we**”, “**us**” and “**our**” in this Circular are to our Company. References to “**our Group**” in this Circular are to our Company and our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, if applicable, include the plural and vice versa and words denoting the masculine gender shall, if applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company’s and/or our Group’s plans and objectives will be achieved.

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SUNWAY BERHAD

(Registration No. 201001037627 (921551-D))
(Incorporated in Malaysia)

Registered office

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

11 August 2020

Board of Directors

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO (*Executive Chairman; Non-Independent Executive Director*)
Dato' Sri Idris Jala (*Non-Executive Co-Chairman; Independent Non-Executive Director*)
Tan Sri Datuk Seri Razman M Hashim (*Deputy Executive Chairman; Non-Independent Executive Director*)
Dato' Chew Chee Kin (*President; Non-Independent Executive Director*)
Sarena Cheah Yean Tih (*Executive Director; Non-Independent Executive Director*)
Wong Chin Mun (*Senior Independent Non-Executive Director*)
Tan Sri Dato' Dr. Lin See Yan (*Independent Non-Executive Director*)
Tan Sri Datuk Dr Rebecca Fatima Sta Maria (*Independent Non-Executive Director*)
Philip Yeo Liat Kok (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

- (I) PROPOSED RIGHTS ISSUE OF ICPS; AND**
- (II) PROPOSED CONSTITUTION AMENDMENTS**

1. INTRODUCTION

On 27 May 2020, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

On 6 July 2020, RHB Investment Bank had, on behalf of our Board, announced the following:

- (i) the Proposed Rights Issue of ICPS is to be undertaken on a minimum subscription basis instead of a full subscription basis to raise a minimum of RM612.7 million; and
- (ii) the Conversion Price will be fixed on a date to be determined and announced by our Board after all relevant approvals have been obtained and at the lower of:
 - (a) RM1.00 per Sunway Share; and
 - (b) an RM amount equivalent to up to 20% discount to the five-day VWAP of Sunway Shares immediately before the price-fixing date.

On 10 August 2020, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 7 August 2020, approved the following:

- (i) admission of up to 1,112,777,962 ICPS to the Official List;
- (ii) listing and quotation of the following on the Main Market of Bursa Securities:
 - (a) up to 1,112,777,962 ICPS;
 - (b) up to 1,390,972,453 ¹ new Shares to be issued pursuant to the conversion of the ICPS;
 - (c) up to 67,495,505¹ additional Warrants to be issued pursuant to the adjustment from the Proposed Rights Issue of ICPS; and
 - (d) up to 67,495,505 new Shares to be issued pursuant to the exercise of the additional Warrants,

subject to the conditions as set out in Section 9 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. PROPOSED RIGHTS ISSUE OF ICPS

2.1 Details of the Proposed Rights Issue of ICPS

The Proposed Rights Issue of ICPS entails a renounceable rights issue of up to 1,112,777,962 ICPS at the Issue Price on the basis of one ICPS for every five existing Shares held by our Entitled Shareholders on the Entitlement Date.

The Proposed Rights Issue of ICPS will be undertaken on the Minimum Subscription Level to raise a minimum of RM612.7 million to fund our Group's proposed utilisation as set out in Section 3 of this Circular.

As at 30 July 2020, our Company has the following:

- (i) issued share capital of RM5,393,667,218 comprising 4,933,931,767 Shares (including 32,550,065 treasury shares); and
- (ii) outstanding 629,958,045 Warrants which entitles our registered Warrantholders to subscribe for new Shares at a price of RM1.72 per Share (subject to a fixed annual step-down of RM0.07 on each anniversary date) at any time until the maturity of the Warrants on 3 October 2024, subject to the provisions of the Deed Poll.

For illustrative purposes only, as at 30 July 2020, the number of ICPS to be issued under the Minimum Scenario is 612,793,545 ICPS and under the Maximum Scenario is 1,112,777,962 ICPS.

¹ Assuming that the five-day VWAP of Sunway Shares up to and including the price-fixing date of the Conversion Price is RM1.00. Accordingly, the Conversion Price shall be fixed at RM0.80, being the lower of RM1.00 and RM0.80 which represents 20% discount to the five-day VWAP up to and including the price-fixing date.

The actual number of ICPS to be issued will depend on the total number of issued Shares held by our Entitled Shareholders on the Entitlement Date and the actual subscription rate of our Entitled Shareholders.

The Proposed Rights Issue of ICPS is renounceable in full or in part. Accordingly, our Entitled Shareholders can subscribe for and/or renounce their respective entitlements to the ICPS in full or in part.

The ICPS will be provisionally allocated to our Entitled Shareholders. Any fractional entitlements under the Proposed Rights Issue of ICPS will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit or expedient to minimise the incidence of odd lots and in the best interest of our Company.

Any ICPS which are not taken up or not validly taken up shall be made available for excess application by our Entitled Shareholders and/or their renouncee(s). It is the intention of our Board to allocate the excess ICPS, if any, in a fair and equitable manner, and on such basis as it may deem fit or expedient and in the best interests of our Company, which will be determined by our Board and announced later by our Company.

2.2 Indicative salient terms of the ICPS

The indicative salient terms of the ICPS are as follows:

Issue size	: Up to 1,112,777,962 ICPS.
Issue Price	: RM1.00 per ICPS.
Form and denomination	: The ICPS will be issued in registered form and in denomination or multiple of RM1.00 each.
Board lot	: The ICPS are tradeable upon listing in board lots of 100 units of ICPS or in such other denomination as may be prescribed by Bursa Securities.
Tenure	: Five years commencing from and inclusive of the date of issuance (" Issue Date ").
Maturity date	: The Market Day immediately preceding the 5 th anniversary from the Issue Date unless the tenure of the ICPS, if permitted by law, is extended by us and the ICPS holders (" Maturity Date ").
Dividend Rate	: We shall at the discretion of our Board pay preferential dividend on a semi-annual basis at the rate of 5.25% per annum calculated based on the Issue Price (" Preferential Dividend ").

If the Board declares Preferential Dividend and such Preferential Dividend remains unpaid as and when it becomes due, such Preferential Dividend shall become payable in arrears. If the Preferential Dividend in arrears is not settled before any subsequent Preferential Dividend declaration, such subsequent Preferential Dividend declaration shall be cumulative of the payment in arrears.

No dividend shall be declared in respect of ordinary shares or other classes of preference shares of our Company ("**Ordinary Dividend**") until and unless our Company has declared the Preferential Dividend on the ICPS in the relevant financial year during which the Ordinary Dividend is to be declared. Upon declaration of a Preferential Dividend, ICPS holders shall have the right to payment of such Preferential Dividend in priority to Ordinary Dividend payable to holders of ordinary shares and other classes of preference shares of our Company.

Preferential Dividend shall not however be payable to the ICPS holders if our Company has not declared such dividend and will also not be payable in the following circumstances:

- (i) upon the winding-up, liquidation or dissolution of our Company. Accordingly, the ICPS holders shall (by the decision of our Board at the relevant time on their behalf), waive all undeclared dividends; and
- (ii) upon the mandatory conversion of the ICPS to Shares. Accordingly, the ICPS holders shall waive all undeclared Preferential Dividends. Each ICPS will cease to receive Preferential Dividends from and including the date the ICPS is converted into new Sunway Shares save for Preferential Dividends declared and unpaid up to the date of mandatory conversion of the ICPS into Sunway Shares.

The ICPS shall not confer any further rights of participation in the profits of our Company.

Redemption : Not redeemable for cash.

Conversion of ICPS : The ICPS are convertible in the following manner:

- (i) 50% of the outstanding ICPS shall be mandatorily converted into new Sunway Shares on the Market Day immediately preceding the 4th anniversary of the Issue Date of the ICPS ("**Year 4 Anniversary**") at the Conversion Price.
- (ii) the remaining balance of the ICPS shall be mandatorily converted into new Sunway Shares on the Maturity Date at the Conversion Price.

If the conversion results in a fractional entitlement to Sunway Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of ICPS, cash or otherwise, shall be given for the disregarded fractional entitlement.

For the avoidance of doubt, the ICPS shall only be mandatorily converted in the aforesaid manner and shall not be convertible at the option of ICPS holders.

We shall issue a notice of maturity to the ICPS holders notifying the ICPS holders on (i) the conversion of the 50% ICPS on the Year 4 Anniversary and (ii) the Maturity Date, together with details of the suspension of trading of the ICPS in accordance with applicable laws, rules and regulations (which notice may be effected by way of advertisement of a summary of such notice in at least one nationally circulated Bahasa Malaysia or English daily newspaper), not less than one month before the Year 4 Anniversary and the Maturity Date, respectively.

Subject to all applicable laws, rules and regulations, our Company shall within eight Market Days from the due date of conversion of the ICPS or such other period as may be prescribed or permitted by Bursa Securities or prescribed or permitted under any applicable laws and regulations (i) issue and/or allot to the relevant holders of the then outstanding ICPS, such number of Sunway Shares to which such holders are entitled to receive by virtue of the mandatory conversion of the ICPS, credited as fully paid-up (“**Conversion Shares**”), and shall cause the securities account of the said holders to be credited with such number of Conversion Shares, and (ii) despatch a notice of allotment to the relevant ICPS holders for the Conversion Shares. Once converted, the ICPS shall not be capable of reissuance.

Conversion Price : The Conversion Price on both the Year 4 Anniversary and the Maturity Date shall be fixed on a date to be determined and announced by our Board after all relevant approvals have been obtained and before the Entitlement Date, and fixed at the lower of:

- (i) RM1.00 per Sunway Share; and
- (ii) an RM amount equivalent to up to 20% discount to the five-day VWAP of Sunway Shares immediately before the price-fixing date,

subject to any applicable adjustments to the Conversion Price as set out below. For the avoidance of doubt, there will only be one Conversion Price for both the Year 4 Anniversary and the Maturity Date to be announced by our Board before the Entitlement Date.

No additional cash payment is required from ICPS holders for such conversion of the ICPS.

Adjustments to the Conversion Price : The Conversion Price shall be subject to adjustments from time to time, at the determination of our Board, if there are any alteration to the share capital of our Company, whether by way of rights issue, bonus issue, capitalisation issue, consolidation of shares, subdivision of shares or capital distribution whether on a reduction of capital or otherwise, following the provisions of the Constitution or under any circumstances that are deemed necessary by our Board. The adjustments shall be adjusted, calculated or determined by our Board in consultation with an approved adviser or external auditor appointed by our Company, as the case may be.

Ranking of the ICPS and liquidation preference	<p>: The ICPS are unsecured and shall upon allotment and issue, rank equally amongst themselves and shall rank in priority to any other class of ordinary shares in the capital of our Company but shall rank behind all secured and unsecured obligations of our Company, except that the ICPS:</p> <ul style="list-style-type: none"> (i) will not be entitled to any rights, allotments and/or other distributions that may be declared by our Company for the ordinary shares; and (ii) carries no right to vote at any general meeting of our Company save for the voting rights as set out below. <p>If there is a liquidation or winding-up of our Company:</p> <ul style="list-style-type: none"> (i) the assets of our Company, after payment of all secured and unsecured obligations of our Company, shall be distributed to the holders of the ICPS in full of an amount which is equal to the Issue Price for each ICPS and in priority to any distribution to the holders of ordinary shares of our Company, provided that there shall be no further right for the holders of the ICPS to participate in any surplus capital or surplus profits of our Company; and (ii) if our Company has insufficient assets to permit payment of the full Issue Price to the holders of ICPS, the assets of our Company shall be distributed pro rata on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive.
Ranking and rights of Conversion Shares	<p>: The Conversion Shares shall, upon allotment and issue, rank equally in all respects with the then existing issued Sunway Shares, save and except that the holders of such Conversion Shares shall not be entitled to participate in any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is before the date of allotment and issuance of such Conversion Shares.</p>
Modification of rights of the ICPS	<p>: We may from time to time without the consent or sanction of all the holders of the ICPS make modifications to the terms of the ICPS of which in the opinion of our Board is not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.</p> <p>Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the ICPS holders holding or representing not less than 75% of the outstanding ICPS present and voting either in person or by proxy at the meeting convened for the ICPS holders to sanction such purposes.</p>
Right to receive notices and reports and to attend meetings	<p>: The ICPS holders shall be entitled to receive notice of meetings, report and accounts, and attend meetings and vote at any class meeting of the holders of the ICPS in relation to any proposal by our Company to vary, modify or abrogate the rights and privileges of the ICPS as stated in our Constitution.</p>

Voting rights	<p>: An ICPS does not carry any right to vote at any general meeting of our Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:</p> <ul style="list-style-type: none"> (i) when the dividend or part of the dividend payable on the ICPS is in arrears for more than 12 months; (ii) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the ICPS; (iii) upon any resolution for the winding-up of our Company; and (iv) other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time. <p>In any such case, the ICPS holders shall be entitled to vote together with the holders of Sunway Shares and exercise one vote for each ICPS held.</p>
Changes in capital	: Our Company may create and issue further preference shares that will rank equally with, but not rank in priority to, the ICPS, without the approval of the ICPS holders.
Listing status	: The ICPS and Conversion Shares to be issued will be listed and quoted on the Main Market of Bursa Securities.
Transferability	: As the ICPS will be listed and quoted on the Main Market of Bursa Securities, they will be deposited with the Central Depository System of Bursa Securities and will be subject to the Rules of Bursa Depository. The ICPS shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository.
Governing law	: Laws of Malaysia.

2.3 Basis of and justification for determining the Issue Price and Conversion Price of the ICPS

(i) Issue Price

Our Board has fixed the Issue Price at RM1.00 per ICPS after taking into consideration the following:

- (a) the five-day VWAP of Sunway Shares up to and including 18 May 2020, being the latest practicable date before the announcement of the Proposals made on 27 May 2020, of RM1.56 per Sunway Share;
- (b) the TERP of RM1.46 per Sunway Share calculated based on the closing market price of Sunway Shares as at 18 May 2020, being the latest practicable date before the announcement of the Proposals made on 27 May 2020 of RM1.56;
- (c) the funding requirements of our Group as set out in Section 3 of this Circular; and
- (d) the rationale for the Proposed Rights Issue of ICPS as set out in Section 5 of this Circular.

(ii) Conversion Price

The Conversion Price is to be fixed at the lower of:

- (a) RM1.00 per Sunway Share; and
- (b) an RM amount equivalent to up to 20% discount to the five-day VWAP of Sunway Shares immediately before the price-fixing date.

The Conversion Price shall be fixed on a date to be determined and announced by our Board after all relevant approvals have been obtained and before the Entitlement Date, and after taking into consideration, amongst others, the then prevailing market conditions and market price of Sunway Shares and the resultant TERP of Sunway Shares. For the avoidance of doubt, there will only be one Conversion Price for both the Year 4 Anniversary and the Maturity Date to be announced by our Board before the Entitlement Date.

For illustrative purposes only, the Conversion Price would be RM1.00 per Sunway Share, which is the lower of RM1.00 per Sunway Share and RM1.10 per Sunway Share which represents approximately 20% discount to the five-day VWAP of Sunway Shares up to and including the LPD of RM1.37 per Sunway Share.

The Issue Price and the illustrative Conversion Price both represent a discount of approximately:

- (i) 27.0% to the five-day VWAP of Sunway Shares up to and including the LPD of RM1.37 per Sunway Share; and
- (ii) 23.1% to the TERP of RM1.30 per Sunway Share, calculated based on the closing market price of Sunway Shares as at the LPD.

Our Board is of the view that the basis of determining the Issue Price and Conversion Price is in the best interests of our Company and our Entitled Shareholders as it is expected to encourage our Entitled Shareholders and/or their renounee(s) to subscribe for their entitlements, and further increase their equity participation in our Company pursuant to the conversion of the ICPS.

2.4 Listing and quotation for the ICPS, Conversion Shares, additional Warrants and new Shares to be issued pursuant to the exercise of the additional Warrants

The ICPS, Conversion Shares, additional Warrants and new Shares to be issued pursuant to the exercise of the additional Warrants will be listed and quoted on the Main Market of Bursa Securities.

2.5 Minimum Subscription Level and Undertakings

The Proposed Rights Issue of ICPS will be undertaken on a Minimum Subscription Level basis to raise a minimum of RM612.7 million. The Minimum Subscription Level was determined by our Board after taking into consideration the minimum level of funds our Group requires for the proposed utilisation as set out in Section 3 of this Circular.

Our Company has procured Undertakings from the Undertaking Shareholders to apply and subscribe in full for their respective entitlements under the Proposed Rights Issue of ICPS based on their shareholdings in our Company as at 30 June 2020 to achieve the Minimum Subscription Level.

Based on the shareholdings of the Undertaking Shareholders as at 30 June 2020, being the date of the Undertaking Shareholders' shareholdings of which the Undertakings is based on, their respective entitlements under the Proposed Rights Issue of ICPS under the Minimum Scenario is as follows:

Undertaking Shareholders	Direct shareholdings as at 30 June 2020		No. of ICPS entitled and to be subscribed under the Minimum Scenario		Minimum subscription amount pursuant to the Undertakings (RM '000)
	No. of shares	% ⁽¹⁾	No. of ICPS	%	
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	99,965,213	2.04	19,993,042	3.26	19,993
Sarena Cheah Yean Tih	5,248,592	0.11	1,049,718	0.17	1,050
Evan Cheah Yean Shin	4,195,196	0.09	839,039	0.14	839
Sungei Way Corporation Sdn. Bhd.	2,782,493,495	56.77	556,498,699	90.81	556,499
Active Equity Sdn. Bhd.	156,550,000	3.19	31,310,000	5.11	31,310
Jef-San Enterprise Sdn. Bhd.	15,515,237	0.32	3,103,047	0.51	3,103
Total	3,063,967,733	62.52	612,793,545	100.00	612,794

Note:

(1) Based on the number of Shares in issue of 4,901,381,702 Shares (excluding treasury shares) as at 30 June 2020.

Pursuant to the Undertakings, the Undertaking Shareholders have further confirmed that:

- (i) he/it irrevocably and unconditionally undertakes not to sell or in any other way dispose of or transfer his/its existing shareholding interest in our Company or any part thereof (save for the purpose of transferring all or part of his/its Sunway Shares to the securities account of banks or their respective nominees to secure borrowings) from the date of the Undertakings until after the Entitlement Date; and
- (ii) he/it has sufficient financial means and resources to subscribe in full for his/its entitlement and the aforementioned financial means and resources are not collateralised or charged for any credit facilities and he/it intends to utilise them for the purpose of subscribing for their entitlement.

Further, pursuant to the Undertakings:

- (i) our Company will still be in compliance with the public shareholding spread requirement which requires us to ensure that at least 25% of our total listed Shares (excluding treasury shares) are in the hands of public shareholders as stipulated in Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities; and
- (ii) the Undertaking Shareholders are not expected to trigger any mandatory offer obligations under the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC ("**Rules**"). Nevertheless, the Undertaking Shareholders have confirmed that they will at all times observe and ensure compliance with the Rules and will seek from the SC the necessary exemptions from undertaking a mandatory take-over offer if required.

RHB Investment Bank has verified that each of the Undertaking Shareholders have adequate and sufficient financial resources to subscribe for the ICPS pursuant to the Undertakings.

In view that the Minimum Subscription Level will be fully satisfied through the Undertakings, our Company will not procure any underwriting arrangement for the remaining ICPS not subscribed for by other Entitled Shareholders under the Proposed Rights Issue of ICPS.

If the Minimum Subscription Level is not achieved for whatsoever reason, our Company will not proceed with the implementation of the Proposed Rights Issue of ICPS. All subscription monies received pursuant to the Proposed Rights Issue of ICPS will be returned without interests as soon as practicable to our Entitled Shareholders and/or their renounees who have subscribed for their entitlements.

2.6 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying documents or any other documents to be issued for the Proposed Rights Issue of ICPS are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue of ICPS will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents for the Proposed Rights Issue of ICPS will only be sent to Entitled Shareholders who have a registered address or an address for service of documents in Malaysia as registered in the Record of Depositors on the Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Entitlement Date.

Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address before the Entitlement Date. Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from our Company's share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

Our Company will not make or be bound to make any enquiry as to whether our Entitled Shareholders have a registered address other than as stated in the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in relation to the Proposed Rights Issue of ICPS to the extent that it would be lawful to do so and our Company and/or any of our advisers would not in connection with the Proposed Rights Issue of ICPS be in breach of the laws of jurisdiction to which the Foreign-Addressed Shareholders are subjected to.

Foreign-Addressed Shareholders will be solely responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in jurisdiction to which they are subjected to and our Company shall be entitled to be fully indemnified and held harmless by such applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. They will have no claims whatsoever against our Company, our share registrar and/or any of our advisers for their rights or entitlements under the Proposed Rights Issue of ICPS. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights under the Proposed Rights Issue of ICPS.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of jurisdiction to which they are subjected to, and participation by such applicants in the Proposed Rights Issue of ICPS shall be on the basis of a warranty by such applicants that they are allowed to do so lawfully without our Company and/or our advisers being in breach of the laws of any jurisdiction.

Our Company and our advisers to the Proposed Rights Issue of ICPS shall not accept any responsibility or liability if any acceptance by a Foreign-Addressed Shareholder of his/her rights under the Proposed Rights Issue of ICPS is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the ICPS under the laws of jurisdiction to which they are subjected to, will have no claims whatsoever against our Company and/or any of our advisers for their rights entitlements or any net proceeds arising from the Proposed Rights Issue of ICPS.

Our Company reserves the right in our absolute discretion to treat any subscription for the ICPS as being invalid if it believes or has reason to believe that such subscription for the ICPS may violate applicable legal or regulatory requirements.

3. UTILISATION OF PROCEEDS

The gross proceeds to be raised from the Proposed Rights Issue of ICPS under the Minimum Scenario and Maximum Scenario are expected to be utilised in the following manner:

Use of proceeds	Note	Estimated timeframe for utilisation of proceeds	Minimum Scenario (RM'mil)	Maximum Scenario (RM'mil)
Repayment of borrowings	(i)	Within 12 months	232.1	732.2
Capital expenditure to expand and develop hospitals	(ii)	Within 36 months	200.0	200.0
Property development and property investment expenditure	(iii)	Within 36 months	179.2	179.2
Defray estimated expenses for the Proposals	(iv)	Immediately	1.4	1.4
Total			612.7	1,112.8

Notes:

(i) **Repayment of borrowings**

We intend to use part of the proceeds to partially repay our borrowings that have been taken to, amongst others, fund our capital expenditure to expand and develop hospitals, and property development and property investment expenditures. As at 31 March 2020, being the latest practicable date of which such amounts could be calculated and publicly announced before the printing of this Circular, the total net borrowings of our Group are approximately RM4,307.4 million.

The proposed repayment of such borrowings will enable us to achieve better financial flexibility, thus allowing us to be able to deploy or reallocate our funds more efficiently as and when the need arises in the future. In addition, upon our repayment we will also be able to utilise these facilities again for our existing businesses of property development, property investments, and development/expansion of hospitals (some examples are mentioned in Notes (ii) and (iii) below) or take advantage of opportunities that arise in the future relating to new businesses, as and when they arise.

Further, the proposed repayment is expected to result in interest savings of approximately RM8.3 million per annum (based on the Minimum Scenario) to approximately RM26.3 million per annum (based on the Maximum Scenario), decrease our gearing level as well as strengthen our capital base.

The actual amount of borrowings to be repaid using the proceeds at that point would be dependent on among others, the utilisation of the facilities, interest rate and interest outstanding, availability and/or cancellation of our Group's new and/or existing facilities, cash in hand and/or timing of our Group's capital commitments.

(ii) Capital expenditure to expand and develop hospitals

We intend to use part of the proceeds to partially fund the development of a new hospital, Sunway Medical Centre Seberang Jaya, Penang and expansion of our existing hospital, Sunway Medical Centre, Sunway City. Such use will include payments to contractors and consultants, purchases of plant and equipment, and fixtures and fittings, and payments to the relevant authorities for the permits as well as approvals required. For clarity, if any such use should arise before the completion of the Proposed Rights Issue of ICPS, we may advance the funds required from internally generated cash and/or borrowings. In this case, the proceeds received after completion of the Proposed Rights Issue of ICPS would be allocated instead to reimburse our Company and/or to repay the borrowings taken.

Further, our Board envisages that the proceeds will be utilised for the following hospitals:

No.	Hospital	Built-up area	Commence- ment date	Expected completion date	Total estimated project cost (RM'mil)	Total estimated outstanding cost ⁽¹⁾ (RM'mil)
1.	Sunway Medical Centre Phase 4, Sunway City	2,265,222 square feet	August 2018	1 st half of 2022	977.5	783.6
2.	Sunway Medical Centre Seberang Jaya, Penang	762,235 square feet	June 2018	1 st half of 2022	365.9	289.1
					1,343.4	1,072.7

Note:

(1) Based on the estimated outstanding cost as at LCD

We intend to fund any shortfall in the capital expenditure for development and expansion of hospitals via internally-generated funds and/or borrowings.

(iii) Property development and property investment expenditure

We intend to use part of the proceeds to fund our existing property development and property investment projects. Such use will include payments to contractors, suppliers and consultants, and payments to the relevant authorities for the permits as well as approvals required. For clarity, if any such use should arise before the completion of the Proposed Rights Issue of ICPS, our Company may advance the funds required from internally generated cash and/or borrowings. In this case, the proceeds received after completion of the Proposed Rights Issue of ICPS would be allocated instead to reimburse our Company and/or to repay the borrowings taken.

Further, our Board envisages that the proceeds will be utilised for the following property development and property investment projects of our Group:

No.	Projects	Details	Commence- ment date	Expected completion date	Total estimated investment cost (RM'mil)	Total estimated outstanding cost ⁽¹⁾ (RM'mil)
1.	Sunway Big Box Hotel, Johor	14-storey hotel with approximately 288 rooms and facilities including a swimming pool, dining area and meeting rooms	April 2019	1 st quarter of 2021	167.1	112.6
2.	Sunway Velocity (3C4), Kuala Lumpur	A 22-storey block which consists of 3-storey business space, 8-storey of office space and 11-storey serviced suites	November 2018	3 rd quarter of 2022	442.4	280.1
3.	Sunway Serene (Plot 1), Selangor	A 46-storey and a 45-storey tower blocks of serviced residences	June 2017	2 nd quarter of 2022	733.0	363.5
4.	Sunway Velocity 2 (Plot A), Kuala Lumpur	Two 53-storey tower blocks of serviced residences and a 28-storey corporate office with retail shops	April 2018	2 nd quarter of 2022	645.9	435.6
5.	Sunway Monash-U Residence, Selangor	A 20-storey and an 8-storey blocks of student hostels	October 2017	Completed	223.3	60.8

No.	Projects	Details	Commence- ment date	Expected completion date	Total estimated investment cost (RM'mil)	Total estimated outstanding cost ⁽¹⁾ (RM'mil)
6.	Dengkil warehouse, Selangor	A warehouse to be constructed on a portion of a parcel of land measuring 301,611 square metres	November 2018	4 th quarter of 2023	322.6	161.9
					2,534.3	1,414.5

Note:

(1) Based on the estimated outstanding cost as at LCD.

We intend to fund any shortfall in the property development and property investment expenditure via internally-generated funds and/or borrowings.

Further, the allocation of funding for the above projects will be determined over the progress of these projects based on their status and estimated costs required then, and our Group's operating and financing requirements at that point in time. If there are, amongst others, any termination of and/or delays in these projects, any surplus arising from such events will be adjusted to fund our Group's future property development and property investment projects.

(iv) Defray estimated expenses for the Proposals

We intend to use part of the proceeds to defray expenses relating to the Proposals. The estimated expenses comprise, amongst others, professional fees, fees payable to the relevant authorities, expenses to convene the general meeting, printing costs of this Circular and abridged prospectus to be despatched to you as well as other incidental expenses incurred in relation to the Proposals.

If the actual expenses are lower or higher than estimated, any shortfall or surplus will be adjusted against the allocation for the repayment of borrowings.

Any difference between the actual gross proceeds raised and the maximum amount of proceeds to be raised from the Proposed Rights Issue of ICPS would be adjusted correspondingly to the amount allocated under the repayment of borrowings of our Group.

No proceeds will be raised upon conversion of ICPS into new Sunway Shares as the conversion mode will be the surrender of such number of ICPS by the holders based on the Conversion Price.

Further, pending the full utilisation of the gross proceeds received, we will place the proceeds raised from the Proposed Rights Issue of ICPS (including accrued interest, if any) or the balance thereof as deposits or short-term money-market instruments with licensed financial institutions or exempt finance companies under the Financial Services Act 2013 or placements in money-market unit trust funds and/or cash unit trust funds in Malaysia with bank-backed fund management companies licensed under the Capital Markets and Services Act 2007.

4. PROPOSED CONSTITUTION AMENDMENTS

The Proposed Constitution Amendments entail the consequential amendments to our Constitution to facilitate the creation and issuance of the ICPS.

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

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Rights Issue of ICPS

The Proposed Rights Issue of ICPS will enable our Company to raise funds and channel them towards the proposed utilisation as set out in Section 3 of this Circular.

After due consideration of the various funding options available to our Company, our Board is of the opinion that the Proposed Rights Issue of ICPS is the most appropriate avenue of fund raising for the following reasons:

- (i) the issuance of ICPS will not have an immediate dilutive effect on our Group's EPS as the ICPS will be converted on the Year 4 Anniversary and Maturity Date as opposed to a rights issue of ordinary shares which will have an immediate upfront dilutive impact on our Group's EPS;
- (ii) it will not have an immediate dilutive effect to the shareholdings of our Entitled Shareholders, assuming that all Entitled Shareholders subscribe to their entitlements and fully convert their ICPS;
- (iii) it allows our Entitled Shareholders to increase their equity participation in our Company on a pro-rata basis through conversion of the ICPS into new Sunway Shares, while allowing ICPS holders to benefit from the expected preferential dividend rate of 5.25% per annum (subject to declaration by our Board) pending the mandatory conversion of the ICPS;
- (iv) it will allow our Company to have the discretion in declaring dividends for the ICPS depending on, amongst others, our Group's future profitability and cash flows without being burdened by a fixed funding cost;
- (v) the proceeds utilised for the repayment of existing borrowings of our Group will decrease the gearing level of our Group, which provides our Group with greater financial flexibility and may allow our Group to obtain further financing facilities as and when required in the future;
- (vi) it enables our Group to raise the requisite funds without incurring additional profit/interest expense as compared to if bank financings/borrowings were obtained, thereby minimising any potential cash outflow for the profit/interest servicing costs, which will in turn allow our Group to manage our cash flow more efficiently; and
- (vii) it would enable our Company to strengthen our capital base upon conversion of the ICPS.

5.2 Proposed Constitution Amendments

The Proposed Constitution Amendments is undertaken to facilitate the implementation of the Proposed Rights Issue of ICPS.

6. INDUSTRY OUTLOOK AND PROSPECTS

Our Group's diversified businesses are mainly in Malaysia which contributes approximately 91% to our Group's profit before tax ("**PBT**") for the FYE 31 December 2019. Further, our main businesses of property development and property investment, construction, and healthcare collectively contribute approximately 88% to our Group's PBT for the FYE 31 December 2019. As such, our Group's financial performance is largely driven by the economic growth of the Malaysian economy and the respective sectors in which our main businesses operate in.

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy moderated sharply to 0.7% in the 1st quarter of 2020, this was the lowest level since 3rd quarter of 2009 (-1.1%). On the supply side, the services and manufacturing sectors moderated while the other sectors contracted. In terms of expenditure, domestic demand moderated, while exports of goods and services recorded a sharper decline. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2% (4th quarter of 2019: 0.6%).

The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. Domestically, it mainly reflected the implementation of the MCO. After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. This was evidenced by the decline in the Industrial Production Index and Index of Wholesale and Retail Trade which recorded an average growth of 3.4% and 5.5%, respectively, in January 2020 to February 2020 before contracting to -4.9% and -6.1% in March 2020 (1st quarter of 2020: 0.4% and 1.5% respectively).

Domestic demand registered a modest growth of 3.7% in the 1st quarter of 2020 (4th quarter of 2019: 4.8%), due mainly to weaker capital spending by both the private and public sectors. Domestic demand was also affected by weaker consumer sentiments and business confidence, given the heightened uncertainty surrounding COVID-19. In addition, net exports performance was also a large drag to growth during the quarter. Nonetheless, growth was supported by continued expansion in private and public consumption.

Private investment growth registered its first contraction since the 4th quarter of 2010 (1st quarter of 2020: -2.3%; 4th quarter of 2019: 4.3%), as subdued external conditions and heightened uncertainty affected business sentiments and investment intentions. In addition, the MCO had resulted in some disruption to ongoing construction projects and delivery of machinery and equipment.

During the 1st quarter of 2020, headline inflation remained modest at 0.9%, mainly reflecting the lapse in the remaining impact from sales and services tax implementation and lower price-volatile inflation which was mostly offset by the smaller negative contribution from fuel inflation. Core inflation moderated slightly to 1.3% (4th quarter of 2019: 1.4%), remaining below its historical average amid incipient signs of moderating demand pressure and soft labour market conditions.

The economic stimulus measures implemented by the Government will provide sizeable assistance to households and businesses. This is further augmented by Bank Negara Malaysia's broad array of measures, including reductions in the overnight policy rate and statutory reserve requirement, deferment of loan and financing repayments for a period of 6 months for individual and small and medium enterprises borrowers, daily market operations to ensure ample liquidity, and enhancements to existing financing facilities under Bank Negara Malaysia's fund for small and medium enterprises. Bank Negara Malaysia has also allowed banks to utilise their regulatory buffers to further ensure continued financial intermediation.

The Malaysian economic outlook for 2020 will be significantly impacted by the COVID-19 pandemic as strict measures to contain the spread of the pandemic, will weigh considerably on both external demand and domestic growth.

The Malaysian economy is expected to contract in the second quarter. This reflects the longer duration of containment measures domestically. However, economic activity is expected to gradually pick up in the 2nd half of 2020, following the lifting of the MCO, support from sizable fiscal, monetary and financial measures and progress in transport-related projects by the public sector. The Malaysian economy is expected to register a positive recovery in 2021. Malaysia's economy growth outlook is subject to significant downside risks arising mainly from the uncertainties surrounding the spread of COVID-19 and the duration of containment measures globally. This uncertainty may also result in delays in household spending and business investments. In addition, the risks of commodity supply shocks remain.

Average headline inflation in 2020 is likely to turn negative, mainly due to projections of substantially lower global oil prices. Going forward, the outlook of headline inflation remains significantly affected by global oil and other commodity prices including food, as well as evolving demand conditions. Underlying inflation is expected to be subdued amid the projections of weaker domestic growth prospects and labour market conditions."

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, Bank Negara Malaysia)

6.2 Overview and outlook of the property and construction sector in Malaysia

The property market performance recorded a slight improvement with a marginal increase in 2019. A total of 328,647 transactions worth RM141.4 billion were recorded, showing an increase of 4.8% in volume and 0.8% in value compared to 2018, which recorded 313,710 transactions worth RM140.3 billion.

Sectoral market activity performance improved marginally: residential (6%), commercial (7.2%), industrial (3.8%) and agriculture (2%) with the exception of development land sub-sector, which declined slightly by 1.3%. In terms of value of transactions, residential sub-sector recorded a 5.3% growth, whereas commercial, industrial, agriculture and development land sub-sectors recorded otherwise, decreased by -1.8%, -1.1%, -4.4% and -9.1% respectively.

The residential sub-sector led the overall property market, with 63.7% contribution. This was followed by agriculture sub-sector (20.9%), commercial (7.8%), development land (5.7%) and industrial (1.9%). In terms of value, residential took the lead with 51.2% share, followed by commercial (20.5%), industrial (10.5%), development land (9%) and agriculture (8.9%).

The construction sector declined by 7.9% during the 1st quarter of 2020 (4th quarter of 2019: +1.0%), reflecting mainly the halt in activities during the MCO. This had more than offset the progress in the large transportation projects and activities in the affordable housing segments during the early part of the quarter.

Construction activities remained on a low tone as completion, starts and new planned supply declined. Completions were down by 6.2% to 87,731 units (2018: 93,547 units) though Johor and Pulau Pinang recorded higher completion against 2018. Starts reduced by 17.3% to 100,908 units in 2019 (2018: 122,065 units) as all major states took a laid-back approach. Likewise, new planned supply dropped by 15.2% to 90,227 units (2018: 106,345 units).

Nevertheless, Selangor, Johor and Pulau Pinang recorded higher new planned supply, increased by 0.5%, 2.8% and 15% respectively. As at year-end of 2019, there were 5.73 million existing residential units with nearly 0.45 million in the incoming supply and 0.44 million in the planned supply.

The residential sub-sector is expected to be challenging in 2020. With the downside in the Consumer Sentiment Index at 82.3 points as at 4th quarter of 2019, coupled with the insecurity of employment and household income, there is a high likelihood that the purchase for big-ticket items such as houses may have to be put on hold by prospective purchasers.

The Government has introduced several incentives which to help cushion-off the impact on the property market namely:

- (a) the revision of the base year for real property gain tax to 1 Jan 2013 (initially 1 Jan 2000) for property purchased before the date;
- (b) the reduction of price threshold for foreign purchasers from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas; and
- (c) the reduction of overnight policy rate (“OPR”) by 25 basis points to 2.75% on 22 Jan 2020, will lead to lower borrowing cost for home loans, to remain accommodative and supportive of property market.

Up until 5 May 2020, the OPR has been reduced by a total of 100 basis points to 2.00%, complementing other monetary and financial measures by Bank Negara Malaysia as well as fiscal measures this year. Together, these measures will cushion the economic impact on businesses and households and support the improvement in economic activity. Further, on 7 July 2020, Bank Negara Malaysia decided to reduce the OPR by an additional 25 basis points to 1.75% providing additional policy stimulus to accelerate the pace of economic recovery.

The commercial sub-sector, in particular shopping complexes, purpose-built offices and hotels are expected to not be spared from the headwinds in the global markets, coupled with the impact of COVID-19 outbreak and expected slowdown in People’s Republic of China.

To address this issue, the Government has announced RM20 billion Economic Stimulus Package to economic risks associated with COVID-19 outbreak, which will be implemented in three-pronged approach, which is to ease the cash flow of affected businesses, to assist affected individuals and to stimulate demand for travel and tourism.

Despite the economic headwinds, Malaysian property market is expected to remain resilient in the coming year. Affordable housing and finding the right solutions to the property overhang will continue to be the main agenda of the Government. The close monitoring on the implementation of programmes under the National Housing Policy 2.0 (2018 – 2025) and various incentives introduced to promote home ownership among Malaysians, are expected to contain the overhang situation in the coming year. On the development front, the revival of Bandar Malaysia mega project is expected to have positive impact on the property market landscape in the medium and long term. Meanwhile, high-impact major infrastructure projects such as West Coast Expressway and East Coast Rail Link will open up new development areas to attract foreign direct investment, which will entail business and employment opportunities as well as catalyst for development growth.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2020, and Monetary Policy Statement dated 5 May 2020 (Ref No : 05/20/01) and 7 July 2020 (Ref No: 07/20/03), Bank Negara Malaysia and Annual Property Market 2019, Jabatan Penilaian dan Perkhidmatan Harta Malaysia)

6.3 Overview and outlook of the healthcare sector in Malaysia

Provision of quality healthcare services is one of the main priorities of the Government. The main challenge in achieving this object is the escalating cost of healthcare vis-à-vis constraint on Government finance. To further elevate healthcare quality, the Government will strengthen its services by providing a comfortable environment for the people while receiving treatment in public hospitals and clinics. An allocation will be provided to upgrade healthcare infrastructure, as well as enhance the capacity and capability of healthcare personnel. Concurrently, the Government will promote a healthy lifestyle and extend preventive care programmes nationwide. Meanwhile, the private healthcare segment will be supported by the Malaysia Year of Healthcare Travel 2020 campaign which seeks to reinforce Malaysia as a reputable and global healthcare travel destination, especially in the areas of cardiology, oncology, fertility, orthopaedics and cosmetic surgery.

The health tourism industry is growing rapidly, and Malaysia is recognised as one of the five best in the world (Patient Beyond Borders, 2018). In 2018, the number of healthcare travellers surged 15% to 1.2 million with revenue increasing 13% to RM1.4 billion, particularly from China, India and Indonesia. The quality of healthcare system; international qualified medical professionals and accredited medical facilities; competitive cost; availability of latest procedures and treatment technologies; as well as accessibility through air and land routes are the factors contributing to the growth of this industry. In conjunction with the Malaysian Year of Healthcare Travel 2020 campaign to establish Malaysia as a leading global destination for healthcare, the Government is targeting total revenue of RM2.2 billion in 2020. This campaign is targeting several new ASEAN markets and the Middle East, especially in the areas of cardiology, oncology and fertility.

The Government's development expenditure during these two years will remain high and mostly concentrated in the economic and social sectors. Investment in economic sector mainly channelled into transportation system; energy and public utilities; as well as trade and industry. Meanwhile, the bulk of expenditure in the social sector is channelled into education and healthcare. Moving forward, the other services subsector is projected to grow by 5.3% in 2019 and 5.1% in 2020 driven by strong demand for private education and healthcare services.

(Source: Economic Outlook 2020, Ministry of Finance Malaysia)

6.4 Prospects of our Group

(i) Property development and property investment divisions

We expect the earnings visibility of our property development division to be underpinned by our (a) diverse property development portfolio with township projects to high-rise developments that are attuned to buyers' lifestyle aspirations at varying price points which is also in line with the Government's incentives to support the property market and encourage Malaysian homeownership, (b) unbilled property sales of RM2.6 billion as at 31 March 2020 and (c) target to launch approximately RM3.5 billion in gross development value ("GDV") of properties in 2020, of which we have successfully launched RM560 million with a take-up rate of approximately 75% as at LCD. We wish to highlight that as at the LPD, we are in the midst of assessing the necessity to revise our property launch target for 2020 to take into consideration the disruption to our property development division's operations arising from the COVID-19 pandemic and we will announce such revised estimated targets if any revisions are made.

One of our key development projects in Malaysia is Sunway Velocity, Kuala Lumpur which is a transit-oriented development comprising residential, commercial, healthcare, education and retail components, and is directly connected to three mass rapid transit (“MRT”) and two light-rail transit (“LRT”) stations. Following its success, Sunway Velocity TWO was launched on an 8.5-acre land located directly opposite Sunway Velocity and is also directly connected to all the amenities. The development comprises four residential towers, and two commercial towers with a total GDV of RM2 billion. In 2018 and 2019, we have launched two residential towers in phase 1 of this project which achieved approximately 100% take-up rate, while the residential tower in phase 2 is set to launch this year with a GDV of RM300 million.

For our property investment division, we expect operations of our investment properties that are exposed to COVID-19 pandemic, amongst others, retail, commercial, leisure and hospitality sectors to remain challenging in the short-term driven by weaker external and domestic demand affecting the growth of the Malaysian economy, lower retail spending and tourism. However, we expect gradual recovery of our property investments division due to (a) RM20 billion Economic Stimulus Package introduced by the Government to assist affected businesses and individuals, and to stimulate demand for local travel and tourism, and (b) our extensive and diversified property portfolio that are mainly located strategically within integrated townships which are well connected and complemented by, amongst others, entertainment, amenities, and convenience.

One of our key property investment projects is Sunway Big Box, located in Sunway Iskandar, Johor Bahru. The project is the first retail hybrid park in Malaysia which is integrated with Sunway Big Box Hotel (an on-going construction of a 288-room hotel with a gross floor area of 20,140 square meters) and upcoming office tower, connected to an extreme entertainment theme park component. We believe Sunway Big Box is expected to become a key attraction in the southern region of Malaysia. As at 6 July 2020, the occupancy rate of Sunway Big Box is at approximately 53%. We expect this to further increase to approximately 74% by the end of the year. We expect to complete Sunway Big Box Hotel in 2021, while construction of the office tower has yet to commence.

(ii) Construction division

We expect the earnings visibility of our construction division to be underpinned by our outstanding order-book of RM5.4 billion (as at 31 March 2020). Further, we target to replenish our order by RM2.0 billion in 2020 supported by our intention to expand into overseas markets, revival of Government mega projects, and leveraging on our experience and expertise in amongst others, construction services which include building and infrastructure engineering. From 1 January 2020 up to the LCD, we have successfully secured RM725 million worth of new contracts.

As at LPD, we are in the midst of assessing the necessity to revise our order-book replenishment target for 2020 as well as any potential delays in meeting such order-book target to take into consideration the disruption to our construction division’s operations arising from the COVID-19 pandemic and we will announce such revised targets if any revisions are made. Notwithstanding this, we expect our construction division to gradually improve on the back of various Government initiatives and economic stimulus packages being introduced to ease this difficult period.

Our successfully secured new contracts in 2020 include the highway project located in Tamil Nadu which had been awarded by the National Highways Authority of India to our Group this year. The contract is worth RM508 million over a construction period of two years. The contract awarded is coupled with a 15-year operations and maintenance contract which is expected to bring in an additional RM4.0 million annually. The highway project includes developing a new road and widening of an existing road to four lanes on a 36.75 kilometers highway stretch in India.

(iii) Healthcare division

We expect our healthcare division's long term growth to be positive fueled by factors such as an increasing ageing population, rising affluence, greater demand for more sophisticated treatment, outsourcing of public healthcare and the Government's support to reinforce Malaysia as a reputable and global healthcare destination. Notwithstanding the deferment of the Malaysia Year of Healthcare Travel 2020 campaign, we believe our healthcare division is well positioned to leverage on the growing healthcare travelers in Malaysia driven by our flagship hospital, Sunway Medical Centre in Bandar Sunway. Sunway Medical Centre is one of Malaysia's most recognised medical centre and is the first Australian Council on Healthcare Standards (ACHS) accredited hospital in South East Asia. Further, we have internationally qualified medical professionals, accredited medical facilities, and availability of healthcare technologies. The next stage of growth for the healthcare division involves developing a network of new tertiary hospitals at key catchment areas throughout Malaysia.

(Source: Our Company's annual report 2019 and our management)

6.5 Impact of COVID-19 on our Group

Since COVID-19 was officially declared a pandemic by the Director General of the World Health Organisation in his opening remarks at the media briefing on COVID-19 on 11 March 2020, we have closely monitored the operations of our Group to ensure that the disruptions arising from the pandemic to our businesses are minimised. On 16 March 2020, the Government announced that the MCO had been imposed in an effort to contain the COVID-19 outbreak in Malaysia which required all government and private premises except those involved in providing essential services to be closed during the period of the enforcement of the MCO which took effect from 18 March 2020 to 3 May 2020. During the MCO, our Group's operations in non-essential services were temporarily suspended and employees of our Group were required to work remotely.

However, the MCO was gradually eased and relaxed, and extended under a CMCO from 4 May 2020 to 9 June 2020 and thereafter a RMCO which took effect from 10 June 2020 and ending on 31 August 2020. 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.

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.

The COVID-19 outbreak and introduction of the MCO, CMCO and RMCO have had varying impacts and effects on the various business divisions of our Group. The financial impact of COVID-19 to our Group mainly arose from our diminished sources of income as most of our business operations were suspended during the MCO period whilst our fixed overhead costs continued to be incurred. Our Group's fixed overhead costs consisting mainly of salary, security personnel expenses, and rental expenses is estimated to be a total of approximately RM90 million during MCO period.

The various impacts and effects on our key business divisions are as follows:

Property development division

With the imposition of the MCO, our Group's property sales galleries were shut down which required our sales employees to work remotely. Our Group's property development division has had to find new ways to engage with customers by stepping up the use of technology and digital solutions. During the MCO, our property development division emphasised online customer engagement efforts, interacting with customers through virtual tours, live chats and other digital channels. These initiatives have allowed our sales employees to continue to work remotely whilst ensuring the continuous engagement with customers. Since the implementation of CMCO, our property sales galleries have fully reopened and our sales employees have begun working on site. Strict operating procedures have been implemented at our sales galleries, such as limiting the number of customers at our sales galleries at any given time, ensuring our employees and customers wear face masks at all times and practice regular sanitisation of their hands. These procedures have been put in place to safeguard the safety and health of our employees and our customers.

In response to the COVID-19 pandemic, our property development division launched our digital campaign, '*Always With You*'. Through this campaign, customers are offered a voluntary exit plan in which customers are able to exit their purchase if there is a loss of employment and to obtain a refund of their purchase price paid. In addition, customers are also able to enjoy a subsidy of up to RM50,000 interest-free instalment plan of up to 24 months, a flexi financing scheme to cater to different customer needs and opt for a guaranteed loan of up to 95% by our Company. As at LCD, our property development division has recorded sales bookings of approximately RM314 million in value of properties arising from the campaign.

During the MCO, the operations of our on-going development projects were suspended, which have caused potential delays to our intended timelines for the completion of our on-going development projects. On 4 May 2020, the Government implemented a CMCO which allowed certain business sectors to resume operations which include property development. We have since implemented strict operating procedures for all of our contractors to comply with the standard operating procedures issued by the National Security Council, including amongst others, arranging to have all of their workers undergo COVID-19 screening before resuming worksite operations. As at the LPD, we are not aware of any positive COVID-19 cases at any of our on-going development projects site.

We believe that our property development division is able to make up for lost time during the MCO through, amongst others, close monitoring of our ongoing projects' work progress to ensure the timely completion of our property development projects, requiring all contractors to expedite work progress for all ongoing projects, ensuring the prompt release of progress payments to our contractors to allow them to meet their payments to their suppliers, labourers and subcontractors, and liaising closely with the relevant authorities to ensure that all necessary approvals are obtained expeditiously. With such initiatives, we expect to mitigate any delay in work progress of our on-going development projects which may result in liquidated ascertained damages ("**LAD**") being incurred by our Group. As at the LPD, we are unable to ascertain any LAD due to the delays.

Property investment division

Our property investment division's income streams are mainly contributed by our investments in retail and commercial properties as well as our hospitality and leisure operations. We wish to highlight that the impact of the MCO to our rental income from commercial properties (eg. our offices such as Sunway Geo and Sunway Pinnacle) was not material. On the contrary, our income from the retail properties had been impacted negatively since the implementation of the MCO as retailers offering non-essential products and services were prohibited from operating during the MCO period. During such temporary closure of our retail properties, we have offered a RM20 million 14-day rent-free period to retailers offering non-essential products and services as part of our rental support programme. Further, we have implemented marketing programmes to provide adequate support to retailers during such challenging times such as Sunway Mall Online Marketplace, Online Order & Collection Drive-Thru Stations, flexible operation hours. We believe this provides the retailers which offer non-essential products and services an ease on their business cashflows and ensure the sustainability of our relationships with such retailers. During the CMCO, retailers offering non-essential products and services were allowed to reopen.

We have put in place strict standard operating procedures for all our retail properties, including performing enhanced screening and safety checks, heightened social distancing and intensified hygiene at our retail properties to ensure the safety of the visitors. We expect our retail properties to continue to face challenges in the short term due to reduction of foot traffic including tourist arrivals and demand for non-essential retail trade.

During the MCO, our hospitality operations were suspended. Despite such suspension of operations, certain of our Group's hotels had remained open as quarantine centres to support the Government's precautionary measures of ensuring all Malaysians returning from overseas are quarantined. Following the implementation of CMCO, our hotels were allowed to reopen with limited amenities. During the MCO and CMCO, our employees of the hospitality operations were mostly required to work remotely while some of our employees were required to be on site based on work shifts. With the implementation of RMCO, majority of our employees have begun working on site. On 1 July 2020, the restrictions on our hotel's amenities have been uplifted allowing us to recommence our operations in full capacity.

With regards to our leisure operations, since the implementation of MCO until 3 July 2020 our leisure operations have been fully suspended. On 4 July 2020, all of our theme parks, namely Sunway Lagoon, Selangor and Sunway Lost World at Tambun, Perak were allowed to reopen with strict operating procedures whereby number of visitors will be capped at 50% of our existing capacity. Similar to our hospitality operations, majority of our employees had worked remotely during such suspension of operations. With the reopening of our theme parks, we expect our on-site workforce to gradually increase as the imposed limit on number of visitors to our theme park eases.

We expect the earnings visibility of our hospitality and leisure operations to remain challenging arising from the lower retail spending and slower tourism due to international travel restrictions notwithstanding the recommencement of such operations.

Construction division

During the period of the MCO, our Group's construction operations had been suspended and administrative staff of our Group have been working from home. Nevertheless, the costs incurred throughout the MCO period were not material to our construction division's earnings as costs incurred are mainly variable costs which are dependent on the progress of our construction projects. The variable costs include the progress billings billed by our sub-contractors as well as construction material costs incurred by our construction division.

The implementation of CMCO by the Government allowed certain business sectors to resume operations, which include our construction division's operations. However, we were required to perform COVID-19 tests on all of our construction workers (including our sub-contractors' construction workers) to ensure that they are not infected with COVID-19 in order for us to resume operations at our construction sites. As at the LPD, we are not aware of any positive COVID-19 cases at any of our construction sites.

Since the recommencement of our construction operations, we have gradually increased our administrative workforce and construction workers on site. We expect our construction division to gradually recover from the adverse operational and financial impacts due to the implementation of MCO. Our construction division's construction operations have since operated with strict compliance to the standard operating procedures issued by the National Security Council, including amongst others, our construction division arranging to have all workers undergo temperature screening before entering construction sites, allocation of workforce in small groups and on shifts, and minimising clusters to the extent possible as well as implementation of stringent operating procedures at our labour quarters for our workers (including our subcontractor's workers). Further, we fostered good relationships with our customers through proactive and regular communication on whether there would be any significant impact on the status or progress of our on-going construction projects, as well as with our suppliers and subcontractors on any supply shortages of construction materials and labour. The additional costs for screening at all worksite operations are immaterial to our Group as they are mainly borne by our sub-contractors.

Notwithstanding the approximately two and a half months of suspension to our construction projects, we are not aware of any intention of our clients to delay or suspend any existing building construction projects and our Group has not been informed by our suppliers of, or experienced, any material difficulty to deliver materials for existing building construction projects.

Healthcare division

During the MCO period, our healthcare division was able to continue operations as such operations fall within the purview of essential services. We have implemented strict operating procedures for our healthcare division which include, our employees having to use personal protective equipment to safeguard themselves while visitors will have to undergo screening as well as record their details upon entry to our premises. While the COVID-19 pandemic has created greater local demand for healthcare services, the uptick in demand has largely been experienced in the public healthcare sector. The private healthcare sector in which our healthcare division operates has experienced some headwinds as patients and doctors have deferred elective medical procedures and slower medical tourism due to the imposition of travel restrictions and closing of international borders.

Our healthcare division, in particular Sunway Medical Centre, has repivoted some of our healthcare services to offer COVID-19 nasal and throat swab tests following the COVID-19 outbreak. The demand for the said tests has been increasing with the implementation of the standard operating procedures by the National Security Council that require employees from various economic sectors to undergo COVID-19 screening before resuming operations.

Furthermore, Sunway Medical Centre and Sunway Traditional Complementary Medicine (TCM) have joined forces with medical experts visiting from China to discuss treatment, management and preventive measures for COVID-19. Separately, the healthcare division of our Group has also partnered with Sungai Buloh Hospital, the Ministry of Health Malaysia and Shanghai University of Traditional Chinese Medicine Alumni Malaysia to work on a research initiative on treatment options for COVID-19. In response to the COVID-19 outbreak, Sunway Medical Centre and Sunway iLabs joined forces to conceptualise a COVID-19 testing pod, which has been deployed at Sunway Medical Centre in Sunway City. The testing pod has allowed healthcare workers to conduct testing for suspected cases in a safer and more efficient manner.

Other matters

As part of our Group's commitment to help the nation and communities, Sunway has pledged over RM34 million to help Malaysians adversely affected by the COVID-19 pandemic and the MCO, including patients who have lost their jobs due to the disease, affected employees, frontline healthcare staff and other employees who put themselves at risk while serving national interests. This includes a RM1 million donation to the national COVID-19 fund and a further RM300,000 in contribution to various non-profit organisations including Yayasan Kebajikan Negara to help B40 beneficiaries nationwide.

Operationally, our Group has adapted our strategy to one of austerity while remaining nimble enough to capitalise on growth and investment opportunities that may be presented by the weaker market. We will be focused on protecting the well-being of our employees, managing the disruptions caused by the COVID-19 containment efforts, and mitigating the risks to our Group's businesses across the various industries in which our Group operates. Nonetheless, the management of our Group will continue to monitor the situation closely and introduce suitable measures to ensure the sustainability of our Group's businesses.

(Source: Our company's annual report 2019 and our management)

7. EFFECTS OF THE PROPOSALS

The Proposed Constitution Amendments will not have any effect on our Company's issued share capital, consolidated NA and gearing, NA per Sunway Share, substantial shareholders' shareholdings, consolidated earnings and EPS, and existing convertible securities.

7.1 Issued share capital

For illustrative purposes only, the pro forma effects of the Proposed Rights Issue of ICPS on our issued share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Sunway Shares	RM	No. of Sunway Shares	RM
As at 30 July 2020	4,933,931,767	5,393,667,218	4,933,931,767	5,393,667,218
Less: Treasury shares	(32,550,065)	(57,191,255)	-	-
	4,901,381,702	5,336,475,963	4,933,931,767	5,393,667,218
 To be issued pursuant to the exercise of Warrants	-	-	629,958,045	1,083,527,837
To be issued pursuant to the conversion of ICPS	612,793,545	612,793,545	1,112,777,962	1,112,777,962
Enlarged issued share capital	5,514,175,247	5,949,269,508	6,676,667,774	7,589,973,017

7.2 Substantial shareholders' shareholdings

The Proposed Rights Issue of ICPS is not expected to have any immediate effect on the shareholdings of our Company's substantial shareholders until such time as the ICPS are converted into new Sunway Shares.

For illustrative purposes only, the pro forma effects of the Proposed Rights Issue of ICPS on the shareholdings of our Company's substantial shareholders based on the Record of Depositors of the Company as at 30 July 2020 are as follows:

Minimum Scenario

	As at 30 July 2020				(I) After the Proposed Rights Issue of ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Sunway Shares	(%)(¹)	No. of Sunway Shares	(%)(¹)	No. of Sunway Shares	(%)	No. of Sunway Shares	(%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	109,365,213	2.23	2,964,002,520 ⁽²⁾	60.47	109,365,213	2.23	2,964,002,520 ⁽²⁾	60.47
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,073,367,733 ⁽³⁾	62.70	-	-	3,073,367,733 ⁽³⁾	62.70
Sarena Cheah Yean Tih	5,248,592	0.11	3,063,926,717 ⁽⁴⁾	62.51	5,248,592	0.11	3,063,926,717 ⁽⁴⁾	62.51
Evan Cheah Yean Shin	4,195,196	0.09	3,063,923,945 ⁽⁵⁾	62.51	4,195,196	0.09	3,063,923,945 ⁽⁵⁾	62.51
Adrian Cheah Yean Sun	-	-	3,063,923,945 ⁽⁵⁾	62.51	-	-	3,063,923,945 ⁽⁵⁾	62.51
Sungei Way Corporation Sdn Bhd	2,782,493,495	56.77	-	-	2,782,493,495	56.77	-	-
Active Equity Sdn Bhd	156,550,000	3.19	2,782,493,495 ⁽⁶⁾	56.77	156,550,000	3.19	2,782,493,495 ⁽⁶⁾	56.77
Employees Provident Fund Board	470,461,487	9.60	-	-	470,461,487	9.60	-	-

	(II)			
	After (I) and assuming full conversion of ICPS			
	Direct		Indirect	
	No. of Sunway Shares	(%)	No. of Sunway Shares	(%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	129,358,255	2.35	3,556,803,020 ⁽²⁾	64.50
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,686,161,275 ⁽³⁾	66.85
Sarena Cheah Yean Tih	6,298,310	0.11	3,674,831,503 ⁽⁴⁾	66.64
Evan Cheah Yean Shin	5,034,234	0.09	3,674,828,731 ⁽⁵⁾	66.64
Adrian Cheah Yean Sun	-	-	3,674,828,731 ⁽⁵⁾	66.64
Sungei Way Corporation Sdn Bhd	3,338,992,193	60.55	-	-
Active Equity Sdn Bhd	187,860,000	3.41	3,338,992,193 ⁽⁶⁾	60.55
Employees Provident Fund Board	470,461,487	8.53	-	-

Notes:

- (1) Based on the number of Shares in issue of 4,901,381,702 Shares (excluding treasury shares) as at 30 July 2020.
- (2) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and children.
- (3) Deemed interest held through spouse and children.
- (4) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd, spouse and parent.
- (5) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and parent.
- (6) Deemed interest by virtue of Section 8 of the Act held through Sungei Way Corporation Sdn Bhd.

Maximum Scenario

	As at 30 July 2020				(I) After treasury shares are resold and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Sunway Shares	(%)(¹)	No. of Sunway Shares	(%)(¹)	No. of Sunway Shares	(%)	No. of Sunway Shares	(%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	109,365,213	2.23	2,964,002,520 ⁽²⁾	60.47	141,932,012	2.55	3,373,342,353 ⁽²⁾	60.63
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,073,367,733 ⁽³⁾	62.70	-	-	3,515,274,365 ⁽³⁾	63.18
Sarena Cheah Yean Tih	5,248,592	0.11	3,063,926,717 ⁽⁴⁾	62.51	5,910,114	0.11	3,504,643,422 ⁽⁴⁾	62.99
Evan Cheah Yean Shin	4,195,196	0.09	3,063,923,945 ⁽⁵⁾	62.51	4,723,950	0.08	3,504,640,301 ⁽⁵⁾	62.99
Adrian Cheah Yean Sun	-	-	3,063,923,945 ⁽⁵⁾	62.51	-	-	3,504,640,301 ⁽⁵⁾	62.99
Sungei Way Corporation Sdn Bhd	2,782,493,495	56.77	-	-	3,190,643,052	57.35	-	-
Active Equity Sdn Bhd	156,550,000	3.19	2,782,493,495 ⁽⁶⁾	56.77	156,550,000	2.81	3,190,643,052 ⁽⁶⁾	57.35
Employees Provident Fund Board	470,461,487	9.60	-	-	476,745,809	8.57	-	-

	(II)				(III)			
	After (I) and the Proposed Rights Issue of ICPS				After (II) and assuming full conversion of ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Sunway Shares	(%)	No. of Sunway Shares	(%)	No. of Sunway Shares	(%)	No. of Sunway Shares	(%)
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	141,932,012	2.55	3,373,342,353 ⁽²⁾	60.63	170,318,414	2.55	4,048,010,821 ⁽²⁾	60.63
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,515,274,365 ⁽³⁾	63.18	-	-	4,218,329,235 ⁽³⁾	63.18
Sarena Cheah Yean Tih	5,910,114	0.11	3,504,643,422 ⁽⁴⁾	62.99	7,092,136	0.11	4,205,572,104 ⁽⁴⁾	62.99
Evan Cheah Yean Shin	4,723,950	0.08	3,504,640,301 ⁽⁵⁾	62.99	5,668,740	0.08	4,205,568,359 ⁽⁵⁾	62.99
Adrian Cheah Yean Sun	-	-	3,504,640,301 ⁽⁵⁾	62.99	-	-	4,205,568,359 ⁽⁵⁾	62.99
Sungei Way Corporation Sdn Bhd	3,190,643,052	57.35	-	-	3,828,771,662	57.35	-	-
Active Equity Sdn Bhd	156,550,000	2.81	3,190,643,052 ⁽⁶⁾	57.35	187,860,000	2.81	3,828,771,662 ⁽⁶⁾	57.35
Employees Provident Fund Board	476,745,809	8.57	-	-	572,094,969	8.57	-	-

Notes:

- (1) Based on the number of Shares in issue of 4,901,381,702 Shares (excluding treasury shares) as at the 30 July 2020.
- (2) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and children.
- (3) Deemed interest held through spouse and children.
- (4) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd, spouse and parent.
- (5) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and parent.
- (6) Deemed interest by virtue of Section 8 of the Act held through Sungei Way Corporation Sdn Bhd.

7.3 NA and gearing

For illustrative purposes only, the pro-forma effects of the Proposed Rights Issue of ICPS on our consolidated NA and gearing, and NA per Sunway Share based on our latest audited consolidated statement of financial position as at 31 December 2019, are set out below:

Minimum Scenario

		(I)	(II)	(III)
	Audited as at 31 December 2019	After adjusting for subsequent event ⁽¹⁾	After (I) and the Proposed Rights Issue of ICPS ⁽²⁾	After (II) and assuming full conversion of ICPS ⁽³⁾
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	5,393,666	5,393,667	5,393,667	6,006,461
Treasury shares	(53,324)	(57,191)	(57,191)	(57,191)
ICPS	-	-	612,794	-
Equity contribution from a joint venture	51,654	51,654	51,654	51,654
Merger reserve	(1,192,040)	(1,192,040)	(1,192,040)	(1,192,040)
Reserves	4,192,912	3,972,350	3,970,950	3,826,178
Shareholders' fund / NA	8,392,868	8,168,440	8,779,834	8,635,062
Perpetual sukuk	1,150,000	800,000	800,000	800,000
Non-controlling interests	631,399	631,399	631,399	631,399
Total equity	10,174,267	9,599,839	10,211,233	10,066,461
No. of Sunway Shares in issue (excluding treasury shares) ('000)	4,903,731	4,901,382	4,901,382	5,514,175
NA per Sunway Share (RM) ⁽⁴⁾	1.71	1.67	1.79	1.57
Net borrowings (RM'000) ⁽⁵⁾	3,681,652	4,256,080 ⁽⁶⁾	3,644,686 ⁽²⁾	3,789,458 ⁽³⁾
Net gearing (times) ⁽⁷⁾	0.36	0.44	0.36	0.38

Notes:

- (1) *After taking into consideration the following:*
- (i) *our purchase of additional 2,350,000 Sunway Shares from 1 January 2020 to 30 July 2020 at a total consideration of approximately RM3.9 million;*
 - (ii) *the second interim single tier dividend of 4.5 sen per Sunway Share for the FYE 31 December 2019 amounting to approximately RM220.6 million which will be accounted for in the FYE 31 December 2020;*
 - (iii) *the exercise of 404 Warrants into 404 Sunway Shares at an exercise price of RM1.72 per Sunway Share; and*
 - (iv) *the net perpetual sukuk redemption of RM350.0 million.*
- (2) *After taking into consideration the issuance of ICPS at RM1.00 per ICPS that raised proceeds of approximately RM612.8 million, the payment of estimated expenses of the Proposals of RM1.4 million and the utilisation of the proceeds for repayment of borrowings of RM232.1 million.*
- (3) *After taking into consideration the payment of dividend for the ICPS at 5.25% per annum amounting to RM144.8 million and assuming all ICPS are fully converted into new Sunway Shares at the illustrative Conversion Price of RM1.00.*
- (4) *NA per Sunway Share is calculated as NA divided by the total number of Sunway Shares in issue.*
- (5) *Net borrowings amount is calculated as total borrowings less cash and bank balances and placement in funds.*
- (6) *After taking into consideration the net payments for Note (1) of approximately RM574.4 million.*
- (7) *Net gearing is computed as net borrowings divided by total equity.*

Maximum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 31 December 2019	After adjusting for subsequent event ⁽¹⁾	After (I) treasury shares are resold and exercise of Warrants ⁽²⁾	After (II) and the Proposed Rights Issue of ICPS ⁽³⁾	After (III) and assuming full conversion of ICPS ⁽⁴⁾
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	5,393,666	5,393,667	6,477,195	6,477,195	7,589,973
Treasury shares	(53,324)	(57,191)	-	-	-
ICPS	-	-	-	1,112,778	-
Equity contribution from a joint venture	51,654	51,654	51,654	51,654	51,654
Merger reserve	(1,192,040)	(1,192,040)	(1,192,040)	(1,192,040)	(1,192,040)
Reserves	4,192,912	3,972,350	3,972,350	3,970,950	3,708,056
Shareholders' fund / NA	8,392,868	8,168,440	9,309,159	10,420,537	10,157,643
Perpetual sukuk	1,150,000	800,000	800,000	800,000	800,000
Non-controlling interests	631,399	631,399	631,399	631,399	631,399
Total equity	10,174,267	9,599,839	10,740,558	11,851,936	11,589,042
No. of Sunway Shares in issue ('000)	4,903,731 ⁽⁵⁾	4,901,382 ⁽⁵⁾	5,563,890	5,563,890	6,676,668
NA per Sunway Share (RM) ⁽⁶⁾	1.71	1.67	1.67	1.87	1.52
Net borrowings (RM'000) ⁽⁷⁾	3,681,652	4,256,080 ⁽⁸⁾	3,115,361 ⁽²⁾	2,003,983 ⁽³⁾	2,266,877 ⁽⁴⁾
Net gearing (times) ⁽⁹⁾	0.36	0.44	0.29	0.17	0.20

Notes:

- (1) *After taking into consideration the following:*
- (i) *our purchase of additional 2,350,000 Sunway Shares from 1 January 2020 to 30 July 2020 at a total consideration of approximately RM3.9 million;*
 - (ii) *the second interim single tier dividend of 4.5 sen per Sunway Share for the FYE 31 December 2019 amounting to approximately RM220.6 million which will be accounted for in the FYE 31 December 2020;*
 - (iii) *the exercise of 404 Warrants into 404 Sunway Shares at an exercise price of RM1.72 per Sunway Share; and*
 - (iv) *the net perpetual sukuk redemption of RM350.0 million.*
- (2) *Assuming all the existing 32,550,065 treasury shares are resold in the open market at their respective acquisition prices raising proceeds of approximately RM57.2 million and all the outstanding 629,958,045 Warrants are exercised into 629,958,045 new Sunway Shares at the exercise price of RM1.72 per Sunway Share raising proceeds of approximately RM1,083.5 million.*
- (3) *After taking into consideration the issuance of ICPS at RM1.00 per ICPS that raised proceeds of approximately RM1,112.8 million, the payment of estimated expenses of the Proposals of RM1.4 million and the utilisation of proceeds for repayment of borrowings of RM732.2 million.*
- (4) *After taking into consideration the payment of dividend for the ICPS at 5.25% per annum amounting to RM262.9 million and assuming all ICPS are fully converted into new Sunway Shares at the illustrative Conversion Price of RM1.00.*
- (5) *Excluding treasury shares held by our Company*
- (6) *NA per Sunway Shares calculated as NA divided by the total number of Sunway Shares in issue.*
- (7) *Net borrowings amount is calculated as total borrowings less cash and bank balances and placement in funds.*
- (8) *After taking into consideration the net payments for Note (1) above of approximately RM574.4 million.*
- (9) *Net gearing is computed as net borrowings divided by total equity.*

7.4 Earnings and EPS

Our Board expects the Proposed Rights Issue of ICPS to contribute positively to our future consolidated earnings when the benefits of the utilisation of proceeds as set out in Section 3 of this Circular are realised. However, our consolidated EPS may be diluted as a result of the increase in the number of Sunway Shares from the conversion of the ICPS in Year 4 Anniversary and Maturity Date. The impact of dilution, if any, will depend on the level of returns to be generated from the utilisation of the proceeds raised.

7.5 Convertible securities

Save for the Warrants, our Company does not have any other outstanding convertible securities as at the LPD.

Pursuant to the Deed Poll, if and whenever our Company makes any offer or invitation to Shareholders by way of rights where our Shareholders may acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, then for each of such case, the exercise price of the Warrants and the number of outstanding Warrants shall be adjusted following the terms of the Deed Poll.

The rights and obligations of the holders of the Warrants shall remain unchanged, save for the potential adjustment to the number and exercise price of outstanding Warrants. Any of these adjustments will only be made on the Entitlement Date. Further, a notice of adjustments will be despatched to the Warrantholders.

Pursuant to the Deed Poll, the formulas in which the number and exercise price of the outstanding Warrants will be adjusted are as follows, and the abbreviations used in the formulas shall have the meanings as set out in the subsequent paragraphs:

- (i) the existing exercise price of the Warrants:

$$\text{Adjusted exercise price} = \text{Existing exercise price} \times \frac{C - D}{C}$$

- (ii) the number of outstanding Warrants:

$$\text{Adjusted number of Warrants} = \text{Existing number of Warrants} \times \frac{C}{C - D}$$

For illustrative purposes only, based on the outstanding 629,958,045 Warrants and the existing exercise price of the Warrants of RM1.72 per Sunway Share as at 30 July 2020, and the illustrative Conversion Price of RM0.80 ², the details of the adjustments to the exercise price and number of Warrants pursuant to the Proposed Rights Issue of ICPS are set out below:

Abbreviations	Our Company's position
C = The current market price of each Share on the Market Day immediately preceding the date on which the offer or invitation is publicly announced to Bursa Securities	RM1.55, being the five-day VWAP of each Sunway Share up to and including 27 May 2020, being the last Market Day immediately preceding the date on which the Proposed Rights Issue of ICPS is publicly announced.
D = The value of rights attributable to one Share which shall be calculated in accordance with the following formula: $\frac{C - E}{F + 1}$	D = $\frac{1.55 - 0.80}{4 + 1}$ = 0.15
Where:	
C = as C above;	
E = the subscription consideration for one additional Share under the terms of such offer or invitation or subscription price of one additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one Share under the offer or invitation;	
F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share or such number of securities convertible into Shares or rights to acquire or subscribe for one additional share	

Based on the above, the adjustments to the Warrants in accordance with the Deed Poll shall be as follows:

² Assuming that the five-day VWAP of Sunway Shares up to and including the price-fixing date of the Conversion Price is RM1.00. Accordingly, the Conversion Price shall be fixed at RM0.80, being the lower of RM1.00 and RM0.80 which represents 20% discount to the five-day VWAP up to and including the price-fixing date.

(i) the existing exercise price of the Warrants:

$$\begin{aligned}
 \text{Adjusted exercise price} &= \text{Existing exercise price} \times \frac{C - D}{C} \\
 &= \text{RM1.72} \times \frac{1.55 - 0.15}{1.55} \\
 &= \text{RM1.56}
 \end{aligned}$$

(ii) the number of Warrants:

$$\begin{aligned}
 \text{Adjusted number of Warrants} &= \text{Existing number of Warrants} \times \frac{C}{C - D} \\
 &= 629,958,045 \times \frac{1.55}{1.55 - 0.15} \\
 &= 697,453,550 \\
 \text{Additional Warrants to be issued} &= \text{Adjusted number of Warrants} - \text{Existing number of Warrants} \\
 &= 697,453,550 - 629,958,045 \\
 &= 67,495,505
 \end{aligned}$$

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed by the fourth quarter of 2020. The tentative timetable for the Proposals is set out below:

<u>Date</u>	<u>Events</u>
2 September 2020	Our EGM for the Proposals and completion of the Proposed Constitution Amendments
Mid September 2020	Entitlement Date, issuance of abridged prospectus, and commencement of trading of rights entitlement
Early October 2020	Last date of receipt of and acceptance of rights and excess applications
Mid October 2020	Listing and quotation of ICPS

9. APPROVALS REQUIRED

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

- (i) Bursa Securities for the following:
 - (a) admission of up to 1,112,777,962 ICPS to the Official List;
 - (b) listing and quotation of the following on the Main Market of Bursa Securities:
 - (1) up to 1,112,777,962 ICPS to be issued pursuant to the Proposed Rights Issue of ICPS;
 - (2) up to 1,390,972,453³ new Shares to be issued arising from the conversion of the ICPS;
 - (3) up to 67,495,505³ additional Warrants to be issued pursuant to the adjustment from the Proposed Rights Issue of ICPS; and
 - (4) up to 67,495,505³ new Shares to be issued pursuant to the exercise of the additional Warrants,

The approval of Bursa Securities was obtained vide its letter dated 7 August 2020, subject to, amongst others, the following conditions:

- (a) our Company and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue of ICPS;
 - (b) our Company and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue of ICPS;
 - (c) our Company and RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of ICPS is completed; and
 - (d) our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of ordinary shares listed pursuant to the conversion of the ICPS as at the end of each quarter together with a detailed computation of the listing fees payable;
- (ii) your approval at our forthcoming EGM for the Proposals; and
 - (iii) any other relevant parties / authorities, if required.

10. INTER-CONDITIONALITY

The Proposed Rights Issue of ICPS and the Proposed Constitution Amendments are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

³ Assuming that the five-day VWAP of Sunway Shares up to and including the price-fixing date of the Conversion Price is RM1.00. Accordingly, the Conversion Price shall be fixed at RM0.80, being the lower of RM1.00 and RM0.80 which represents 20% discount to the five-day VWAP up to and including the price-fixing date.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the corporate exercises which are set out below, there are no other corporate exercises which have been announced by our Company but are pending completion as at the date of this Circular:

- (i) On 29 June 2020, we announced that Sunway Integrated Properties Sdn. Bhd. ("**Sunway Integrated Properties**") and Sunway Pinnacle Sdn. Bhd. ("**Sunway Pinnacle**"), both of which are wholly-owned subsidiaries of our Company, had on even date entered into a sale and purchase agreement with RHB Trustees Berhad ("**Trustee**"), being the trustee of Sunway Real Estate Investment Trust, for the disposal of:
 - (a) a piece of leasehold land held under PN 17103, Lot No. 61759, Town of Sunway, District of Petaling, State of Selangor from Sunway Integrated Properties; and
 - (b) a building comprising of a 24-storey office building with three-storey mezzanine floors and six levels of basement car park, and all fixtures and fittings fixed to or located or used therein and services infrastructure and systems and facilities (including without limitation, safety, heating, lighting, plumbing, sanitation, air conditioning, ventilation, fire protection safety facilities, elevators, escalators and broadband computer facilities) from Sunway Pinnacle,to the Trustee for a cash consideration of RM450.0 million ("**Proposed Disposal**"). As at the LPD, the Proposed Disposal is still on-going.
- (ii) On 28 July 2020, we announced that Sunway Medical Centre Kota Bharu Sdn Bhd, a subsidiary of our Company, had on even date entered into a sale and purchase agreement with Liziz Standaco Sdn Bhd for the acquisition of a leasehold land in Negeri Kelantan for a cash consideration of RM28,704,410 free from encumbrances and with vacant possession ("**Proposed Acquisition**") for the development of a 200-bed hospital. As at 10 August 2020, the Proposed Acquisition is still on-going.

The Proposals are not conditional upon the Proposed Disposal, the Proposed Acquisition and/or any other corporate exercises.

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

None of our Directors, major Shareholders and/or persons connected to them have any interest, whether direct or indirect, in the Proposals, apart from their respective entitlements under the Proposed Rights Issue of ICPS (including the right to apply for additional ICPS under excess ICPS applications), to which all Entitled Shareholders are similarly entitled to.

13. BOARD'S RECOMMENDATION

Our Board, after having considered all relevant aspects of the Proposals, including the rationale and effects of the Proposed Rights Issue of ICPS, is of the opinion that the Proposals are in our best interests.

Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

14. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held on a fully virtual basis at the Broadcast Venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 2 September 2020 at 2.30 p.m. or at any adjournment thereof, to consider and, if thought fit, to pass the resolutions to give effect to the Proposals.

You are encouraged to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely at our EGM using the RPV Facility provided by our Share Registrar via its website at www.sunwaymanagement.com.my. Please follow the procedures for the RPV Facility provided in the Administrative Details for our EGM which is available on our Company's website at www.sunway.com.my. If you are unable to participate in our online EGM, you may appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete and deposit the Form of Proxy at the registered office of our Company located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, submit via email to sunwaymanagement@sunway.com.my or fax to (603) 5639 9507 not less than 24 hours before the date and time fixed for our EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating in our online EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

You are requested to refer to the appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
SUNWAY BERHAD

TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING AO
Executive Chairman, Non-Independent Executive Director

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

RHB Investment Bank, being our Sole Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in this Circular in the form and context in which they appear.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Group. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Group in addition to the roles set out in this Circular.

Employees Provident Fund ("**EPF**") is a substantial shareholder of RHB Bank Berhad and our Company. However, EPF is not involved in the day-to-day operations of RHB Banking Group and our Company. In addition, (i) Tan Sri Dr Rebecca Fatima Sta Maria, a Senior Independent Non-Executive Director of RHB Bank Berhad, is also an Independent Non-Executive Director of our Company, and (ii) Dato' Siow Kim Lun @ Siow Kim Lin, an Independent Non-Executive Director of RHB Investment Bank, is also an Independent Non-Executive Director of Sunway Construction Group Berhad, an indirect subsidiary of our Company. Nevertheless, Tan Sri Dr Rebecca Fatima Sta Maria and Dato' Siow Kim Lun @ Siow Kim Lin are not involved in the day-to-day operations of RHB Banking Group and our Group.

Furthermore, in the ordinary course of business, any member of RHB Banking Group may at any time offer or provide its services to or engage in any transactions (whether on its own account or otherwise) with any member of our Group, hold long or short positions in the securities offered by any member of our Group, 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 the account of its other customers in debt or equity securities or senior loans of our Group.

As at the LPD, RHB Banking Group has offered various facilities ("**Facilities**") with a combined limit of approximately RM1,040.1 million to our Group of which the outstanding amount is approximately RM521.5 million which are in RHB Banking Group's ordinary course of business.

Notwithstanding the above and as at the LPD, RHB Investment Bank, as part of RHB Banking Group, has confirmed that the abovementioned Facilities do not result in a conflict of interest situation in its capacity as the Sole Principal Adviser in relation to the Proposals as:

- (i) the Facilities provided by RHB Banking Group are on an arms' length basis and represent 4.0% when compared to the latest audited shareholders' fund of RHB Banking Group of approximately RM25,775.4 million as at 31 December 2019. Further, the outstanding amount of the Facilities represent 2.0% when compared to the latest audited shareholders' fund of RHB Banking Group of approximately RM25,775.4 million as at 31 December 2019;
- (ii) the Facilities that have been provided by RHB Banking Group are not conditional upon RHB Investment Bank being appointed as our Sole Principal Adviser for the Proposals or upon any other proposal(s) being undertaken by any entity(ies) within RHB Banking Group;

- (iii) RHB Investment Bank is a licensed investment bank and its appointment as our Sole Principal Adviser for the Proposals is in its ordinary course of business. RHB Investment Bank does not have any interest in the Proposals other than as our Sole Principal Adviser based on the terms of engagement which are mutually agreed between both parties. Further, RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its appointment as our Sole Principal Adviser for the Proposals;
- (iv) the corporate finance division of RHB Investment Bank ("**RHB CF**") is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team in charge of the Proposals in RHB Investment Bank is independent from the team handling the credit facilities. Further, there is no involvement by RHB CF in respect of any credit application process undertaken by other departments within RHB Banking Group; and
- (v) the conduct of RHB Banking Group's business is regulated strictly by the Financial Services Act, 2013, the Capital Markets and Services Act, 2007 and RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

Save for the above, RHB Investment Bank has confirmed that it is not aware of any other circumstance that exists or is likely to exist that give rise to a possible conflict of interest situation in its capacity as our Sole Principal Adviser for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Material commitments

Save as disclosed below, as at 31 March 2020, being the latest practicable date of which such amount could be calculated and publicly announced before this Circular, our Board confirmed that there are no other material commitments incurred or known to be incurred by our Group which may have material impact on the financial position or business of our Group:

Material commitments	RM'000
Capital commitment	
- authorised and contracted for	272,146
- authorised but not contracted for	279,884
Capital commitment in associates	
- authorised and contracted for	120,788
- authorised but not contracted for	66,822
Capital commitment in joint venture	
- authorised and contracted for	1,867
- authorised but not contracted for	10,887
Total	752,394

(ii) Contingent liabilities

Save as disclosed below, as at 31 March 2020, being the latest practicable date of which such amount could be calculated and publicly announced before this Circular, our Board confirmed that there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position or business of our Group:

Contingent liabilities	RM'000
Guarantees given to third parties in respect of contracts and trade performance	943,308

4. HISTORICAL SHARE PRICES

The monthly highest and lowest closing market prices of Sunway Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

Month	Highest RM	Lowest RM
2019		
August	1.63	1.55
September	1.72	1.59
October	1.71	1.67
November	1.82	1.69
December	1.82	1.76
2020		
January	1.85	1.75
February	1.83	1.75
March	1.77	1.30
April	1.62	1.55
May	1.59	1.34
June	1.46	1.35
July	1.45	1.35
Last transacted market price on 22 May 2020, being the last Market Day immediately before the first announcement of the Proposals on 27 May 2020		1.53
Last transacted market price as at the LPD		1.37

(Source: Bloomberg)

5. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Company and subsidiaries are not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of our Group and, to the best of our Board's knowledge and belief, our Board confirmed that there are no proceedings pending or threatened against our Company and/or our subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company and/or our subsidiaries:

(a) Shristi Infrastructure Development Corporation Ltd (“Shristi”) v Sunway Construction Sdn Bhd (“SunCon”)

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with Shristi for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which Shristi has provided two bank guarantees (“**Bank Guarantees**”) to SunCon for the purpose of undertaking the project.

Shristi has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees.

On 4 September 2008, Shristi issued a Statement of Claim against SunCon, whereby in its statement of claim claims, amongst others the refund of the amount cashed on the Bank Guarantees. The total amount of Shristi's claim is INR89,14,55,047.83 (approximately equivalent to RM50.46 million⁽¹⁾) in addition to interest and cost.

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the statement of defence and counterclaim for INR78,13,94,628.61 (approximately equivalent to RM44.23 million⁽¹⁾) for amongst others, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away. SunCon was notified by its solicitors that an arbitration petition has been filed by Shristi on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator in place of the late Justice H.L. Agrawal (Retd.) for adjudication of the disputes and differences between Shristi and SunCon's claim. The Arbitrator published his award on 9 April 2019 and awarded Shristi INR12,84,41,929.37 (approximately equivalent to RM7.27 million ⁽¹⁾) (“**Arbitral Award**”).

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the Arbitral Award. Shristi has also filed an execution application against SunCon for enforcement of the Arbitral Award.

In light of SunCon's appeal, the High Court has on 10 February 2020 agreed to stay the Arbitral Award and disposed of the enforcement petition filed by Shristi as non-maintainable subject to SunCon depositing, on a without prejudice basis, the decretal amount with up to date interest with the Registrar General of the High Court of New Delhi within six weeks from 10 February 2020. On 26 February 2020, SunCon has complied with the High Court's direction and deposited INR13,56,77,784.64 (approximately equivalent to RM7.68 million ⁽¹⁾) whilst pending the final adjudication of the petition to set aside the Arbitral Award. The said matter has now been fixed for hearing on 18 August 2020.

The solicitors acting for SunCon, after taking into consideration of the limited scope of challenge to the Arbitral Awards as permissible under the Indian Arbitration and Conciliation Act 1996, is unable to give a precise estimation of the possibility of success.

Note:

(1) Based on BNM's exchange rate of INR1:RM0.0566 as at the LPD.

(b) PNSB Acmar Sdn Bhd (“PNSB”) v Prasarana Malaysia Berhad (“Prasarana”) and SunCon (collectively, the “Defendants”)

On 8 November 2019, PNSB filed a writ of summons and a statement of claim against the Defendants, claiming amongst other, for sum of RM711,367,434.46 (“**PNSB’s Claim**”).

PNSB in its statement of claim alleged that the Defendants have trespassed onto their land in Bukit Raja, Klang during the course of carrying out all the construction works in relation to the project known as “Construction and Completion of Light Rail Transit (“**LRT**”) Line 3 (“**LRT3**”) from Bandar Utama to Johan Setia” (“**Project**”). PNSB also alleged that the structures such as the Project’s poles, bars, and LRT stations had trespassed and/or encroached into PNSB’s development project area and has resulted in losses and damages towards PNSB.

Prasarana is the owner of the Project and SunCon is the main contractor which was awarded the contract known as “Contract No. Prasarana/GSC/CTT/2.06080/2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for LRT3 from Bandar Utama to Johan Setia” for the Project.

SunCon filed its statement of defence on 2 January 2020 and PNSB filed its reply to the SunCon’s statement of defence on 31 January 2020.

On 29 May 2020, SunCon filed an application to strike out the PNSB’s Claim. The hearing for SunCon’s application to strike out the PNSB’s Claim is fixed on 22 September 2020.

The solicitors acting for SunCon are of the view that PNSB’s Claim is excessively inflated and is extremely unlikely to succeed and after taking into consideration the evidence available, a review of the statement of claim, documents with client and a review of the law, the solicitors are of the considered opinion that PNSB’s Claim for the sum of RM711,367,434.46 is speculative and there is a high possibility that PNSB’s Claim will be struck out.

(c) Metroplex Holdings Sdn Bhd (“Metroplex”) v RHB Trustees Berhad (as trustees for Sunway Real Estate Investment Trust) and Sunway REIT Management Sdn Bhd (“Sunway Reit”) (collectively, the “Defendants”)

On 28 September 2015, Metroplex filed writ of summons and a statement of claim against the Defendants to claim, amongst others, damages for various chattels and movable items (e.g. furniture and office equipment, decorations, cutlery, kitchen equipment, bar equipment, concierge and reception tables, blinds and curtains) which were allegedly acquired and owned by Metroplex but not removed by Metroplex when the Defendants took possession of the hotel at Sunway Putra on 27 September 2011. Metroplex has in its statement of claim alleged that the various chattels and movable items were worth in excess of RM80 million as at September 2011. The Defendants entered into defence on 9 November 2015.

On 3 November 2017, the High Court allowed Metroplex’s claim on liability in which the damages to be awarded to Metroplex shall be subject to allocator (“**High Court’s Decision**”).

The Defendants filed an appeal to the Court of Appeal against the High Court’s Decision on 6 November 2017. The Court of Appeal allowed the Defendants’ Appeal and the High Court’s Decision was set aside on 22 January 2019 (“**Court of Appeal’s Decision**”).

On 20 February 2019, Metroplex filed motion for leave to appeal to the Federal Court against the Court of Appeal's Decision ("**Motion**"). The Motion was allowed on 25 November 2019. Subsequently, Metroplex filed notice of appeal to appeal against the Court of Appeal's Decision on 2 December 2019 ("**Appeal**"). The case management for the Appeal is fixed on 28 August 2020 and the hearing for the Appeal is fixed on 7 September 2020.

The solicitors acting for the Defendants are of the view that the Defendants have a reasonably fair chance of successfully resisting the Appeal.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) following the date of this Circular up to and including the date of the EGM:

- (i) our Constitution;
- (ii) our audited consolidated financial statements for the past two financial years, being FYEs 31 December 2018 and 2019 and our latest unaudited consolidated financial statements for the financial period ended 31 March 2020;
- (iii) the letter of consent and declaration of conflict of interests referred to in Section 2 of this Appendix I;
- (iv) the Undertakings;
- (v) the relevant cause papers for the material litigation referred to in Section 5 of this Appendix I; and
- (vi) the Deed Poll.

APPENDIX II – DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS

The Constitution of our Company shall be amended in the following manner:

- (i) By inserting the following new definition in the existing Clause 2 of our Constitution:

Existing provisions	Proposed amendments
-	ICPS ... The irredeemable convertible preference shares of the Company which are subject to the terms and conditions set out in Clause 8A of this Constitution.

- (ii) By inserting the following new Clause 8A after the existing Clause 8:

Existing provisions	Proposed amendments																		
-	<p><u>Clause 8A</u></p> <p>In this Constitution, if not consistent with the subject or context, the words stated in the first column of the following table shall bear the meaning set opposite to them respectively in the second column:</p> <table> <tr> <td>Conversion Period</td><td>Shall have the meaning given in Clause 8A(7)(a).</td></tr> <tr> <td>Conversion Price</td><td>Shall have the meaning given in Clause 8A(7)(b).</td></tr> <tr> <td>Conversion Shares</td><td>Shall have the meaning given in Clause 8A(7)(d)(ii).</td></tr> <tr> <td>Issue Date</td><td>Shall have the meaning given in Clause 8A(1)(a).</td></tr> <tr> <td>Issue Price</td><td>RM1.00 per ICPS</td></tr> <tr> <td>Maturity Date</td><td>Shall have the meaning given in Clause 8A(1)(b).</td></tr> <tr> <td>Ordinary Dividend</td><td>Shall have the meaning given in Clause 8A(2).</td></tr> <tr> <td>Preferential Dividend</td><td>Shall have the meaning given in Clause 8A(2).</td></tr> <tr> <td>Year 4 Anniversary</td><td>Shall have the meaning given in Clause 8A(7)(a)(i).</td></tr> </table> <p>The Directors shall have the discretion to issue ICPS from time to time and the ICPS shall confer on its holders the following rights and privileges and be subject to the following conditions:</p> <p>(1) <u>Maturity, listing, tradability and transferability</u></p> <p>(a) The tenure of the ICPS shall be 5 years commencing from and inclusive of the date of issuance of the ICPS (“Issue Date”).</p>	Conversion Period	Shall have the meaning given in Clause 8A(7)(a).	Conversion Price	Shall have the meaning given in Clause 8A(7)(b).	Conversion Shares	Shall have the meaning given in Clause 8A(7)(d)(ii).	Issue Date	Shall have the meaning given in Clause 8A(1)(a).	Issue Price	RM1.00 per ICPS	Maturity Date	Shall have the meaning given in Clause 8A(1)(b).	Ordinary Dividend	Shall have the meaning given in Clause 8A(2).	Preferential Dividend	Shall have the meaning given in Clause 8A(2).	Year 4 Anniversary	Shall have the meaning given in Clause 8A(7)(a)(i).
Conversion Period	Shall have the meaning given in Clause 8A(7)(a).																		
Conversion Price	Shall have the meaning given in Clause 8A(7)(b).																		
Conversion Shares	Shall have the meaning given in Clause 8A(7)(d)(ii).																		
Issue Date	Shall have the meaning given in Clause 8A(1)(a).																		
Issue Price	RM1.00 per ICPS																		
Maturity Date	Shall have the meaning given in Clause 8A(1)(b).																		
Ordinary Dividend	Shall have the meaning given in Clause 8A(2).																		
Preferential Dividend	Shall have the meaning given in Clause 8A(2).																		
Year 4 Anniversary	Shall have the meaning given in Clause 8A(7)(a)(i).																		

APPENDIX II – DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(b) The maturity date of the ICPS shall be the Market Day immediately preceding the 5th anniversary from the Issue Date ("Maturity Date") unless the tenure of the ICPS, if permitted by law, is extended by the Company and the ICPS holders.</p> <p>(c) The ICPS and Conversion Shares will be listed and quoted on the Main Market of the Stock Exchange.</p> <p>(d) The ICPS are tradeable upon listing in board lots of 100 units of ICPS or in such other denomination as may be prescribed by the Stock Exchange.</p> <p>(e) As the ICPS will be listed and quoted on the Main Market of the Stock Exchange, they will be deposited with the Central Depository System of the Stock Exchange and will be subject to the Rules. The ICPS shall be transferable in the manner provided under the Central Depositories Act and the Rules.</p> <p>(2) <u>Dividend rate</u></p> <p>The Company shall at the discretion of the Directors pay preferential dividend on a semi-annual basis at the rate of 5.25% per annum calculated based on the Issue Price or such other applicable rate of dividend as may be determined by the Directors in respect of the particular class of ICPS to be issued by the Company ("Preferential Dividend").</p> <p>If the Board declares Preferential Dividend and such Preferential Dividend remains unpaid as and when it becomes due, such Preferential Dividend shall become payable in arrears. If the Preferential Dividend in arrears is not settled before any subsequent Preferential Dividend declaration, such subsequent Preferential Dividend declaration shall be cumulative of the payment in arrears.</p> <p>No dividend shall be declared in respect of shares or other classes of preference shares of the Company ("Ordinary Dividend") until and unless the Company has declared the Preferential Dividend on the ICPS in the relevant financial year during which the Ordinary Dividend is to be declared. Upon declaration of a Preferential Dividend, ICPS holders shall have the right to payment of such Preferential Dividend in priority to Ordinary Dividend payable to holders of shares and other classes of preference shares of the Company.</p>

APPENDIX II – DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>Preferential Dividend shall not however be payable to the ICPS holders if the Company has not declared such dividend and will also not be payable in the following circumstances:</p> <ul style="list-style-type: none"> (i) upon the winding-up, liquidation or dissolution of the Company. Accordingly, the ICPS holders shall (by the decision of the Directors at the relevant time on their behalf) waive all undeclared dividends; and (ii) upon the mandatory conversion of the ICPS to shares. Accordingly, the ICPS holders shall waive all undeclared Preferential Dividends. Each ICPS will cease to receive Preferential Dividends from and including the date the ICPS is converted into new shares in the Company save for Preferential Dividends declared and unpaid up to the date of mandatory conversion of the ICPS into shares in the Company. <p>The ICPS shall not confer any further rights of participation in the profits of the Company.</p> <p>(3) <u>Ranking of the ICPS and liquidation preference</u></p> <p>The ICPS are unsecured and shall upon allotment and issue, rank equally amongst themselves and shall rank in priority to any other class of shares in the capital of the Company but shall rank behind all secured and unsecured obligations of the Company, except that:</p> <ul style="list-style-type: none"> (i) they will not be entitled to any rights, allotments and/or other distributions that may be declared by the Company in respect of the shares; and (ii) they carry no right to vote at any general meeting of the Company save for the voting rights as set out under Clause 8A(4). <p>If there is a liquidation or winding-up of the Company:</p> <ul style="list-style-type: none"> (i) the assets of the Company after payment of all secured and unsecured obligations of the Company shall be distributed to the holders of the ICPS in full of an amount which is equal to the Issue Price for each ICPS and in priority to any distribution to the holders of the shares, provided that there shall be no further right for the holders of the ICPS to participate in any surplus capital or surplus profits of the Company; and

APPENDIX II – DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(ii) if the Company has insufficient assets to permit payment of the full Issue Price to the holders of ICPS, the assets of the Company shall be distributed pro rata on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive.</p> <p>(4) <u>ICPS holders' right to participate in any distribution or offer of further securities in the Company and voting rights</u></p> <p>An ICPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances:</p> <p>(i) when the dividend or part of the dividend payable on the ICPS is in arrears for more than 12 months;</p> <p>(ii) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the ICPS;</p> <p>(iii) upon any resolution for the winding-up of the Company; and</p> <p>(iv) other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time.</p> <p>In any such case, the ICPS holders shall be entitled to vote together with the holders of shares and exercise one vote for each ICPS held.</p> <p>(5) <u>Right to receive notices and reports and to attend meetings</u></p> <p>The ICPS holders shall be entitled to receive notice of meetings, report and accounts, and attend meetings and vote at any class meeting of the holders of the ICPS in relation to any proposal by the Company to vary, modify or abrogate the rights and privileges of the ICPS as stated in this Constitution.</p> <p>(6) <u>Changes in capital</u></p> <p>The Company may create and issue further preference shares that will rank equally with, but not rank in priority to, the ICPS, without the approval of the ICPS holders.</p>

APPENDIX II – DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p>(7) <u>Conversion</u></p> <p>(a) <u>Conversion Period</u></p> <p>The ICPS are convertible in the following manner:</p> <p>(i) 50% of the outstanding ICPS shall be mandatorily converted into new shares on the Market Day immediately preceding the 4th anniversary of the Issue Date of the ICPS ("Year 4 Anniversary") at the Conversion Price.</p> <p>(ii) the remaining balance of the ICPS shall be mandatorily converted into new shares on the Maturity Date at the Conversion Price.</p> <p>(b) <u>Conversion Price</u></p> <p>The Conversion price per ICPS which shall be fixed on a date to be determined and announced by the Directors after all relevant approvals have been obtained and before the Entitlement Date, and at the lower of:</p> <p>(i) RM1.00 per share; and</p> <p>(ii) an RM amount equivalent to up to 20% discount to the five-day VWAP of shares immediately before the price-fixing date,</p> <p>subject to the adjustments to the Conversion Price as set out below. For the avoidance of doubt, there will only be one Conversion Price for both the Year 4 Anniversary and the Maturity Date to be announced by our Board before the Entitlement Date.</p> <p>No additional cash payment is required from ICPS holders for such conversion of the ICPS.</p> <p>(c) <u>Conversion Rights</u></p> <p>The ICPS shall only be mandatorily converted in the manner set out in Clauses 8A(7)(a) and 7(b) and shall not be convertible at the option of ICPS holders.</p> <p>If the conversion results in a fractional entitlement to shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of ICPS, cash or otherwise, shall be given for the disregarded fractional entitlement.</p>

Existing provisions	Proposed amendments
	<p>(d) <u>Conversion Mechanism</u></p> <p>(i) The Company shall issue a notice of maturity to the ICPS holders notifying the ICPS holders on (A) the conversion of the 50% ICPS on the Year 4 Anniversary; and (B) the Maturity Date, together with details of the suspension of trading of the ICPS in accordance with applicable laws, rules and regulations (which notice may be effected by way of advertisement of a summary of such notice in at least one nationally circulated Bahasa Malaysia or English daily newspaper), not less than one month before the Year 4 Anniversary and the Maturity Date, respectively.</p> <p>(ii) Subject to all applicable laws, rules and regulations, the Company shall within eight Market Days from the due date of conversion of the ICPS or such other period as may be prescribed or permitted by the Stock Exchange or prescribed or permitted under any applicable laws and regulations: (1) issue and/or allot to the relevant holders of the then outstanding ICPS, such number of shares to which such holders are entitled to receive by virtue of the mandatory conversion of the ICPS, credited as fully paid-up ("Conversion Shares"), and cause the securities account of the said holders to be credited with such number of Conversion Shares; and (2) despatch a notice of allotment to the relevant ICPS holders for the Conversion Shares.</p> <p>(iii) Once converted, the ICPS shall not be capable of reissuance.</p> <p>(e) <u>Adjustments to the Conversion Price if there is an alteration to share capital</u></p> <p>The Conversion Price shall be subject to adjustments from time to time, at the determination of the Directors, if there is any alteration to the share capital of the Company, whether by way of rights issue, bonus issue, capitalisation issue, consolidation of shares, subdivision of shares or capital distribution whether on a reduction of capital or otherwise, following the provisions of this Constitution or under any circumstances that are deemed necessary by the Directors. The adjustments shall be adjusted, calculated or determined by the Directors in consultation with an approved adviser or external auditor appointed by the Company, as the case may be.</p>

APPENDIX II – DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

Existing provisions	Proposed amendments
	<p data-bbox="746 255 1310 286">(f) <u>Ranking and rights of Conversion Shares</u></p> <p data-bbox="820 315 1410 589">The Conversion Shares shall, upon allotment and issue, rank equally in all respects with the then existing issued shares, save and except that the holders of such Conversion Shares shall not be entitled to participate in any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is before the date of allotment and issuance of such Conversion Shares.</p> <p data-bbox="746 622 967 654">(g) <u>Redemption</u></p> <p data-bbox="820 683 1342 714">The ICPS shall not be redeemable for cash.</p> <p data-bbox="746 745 1214 777">(h) <u>Modification of rights of the ICPS</u></p> <p data-bbox="820 806 1410 1052">The Company may from time to time without the consent or sanction of all the holders of the ICPS make modifications to the terms of the ICPS of which in the opinion of the Directors is not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.</p> <p data-bbox="820 1081 1410 1328">Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution of the ICPS holders holding or representing not less than 75% of the outstanding ICPS present and voting either in person or by proxy at the meeting convened for the ICPS holders to sanction such purposes.</p> <p data-bbox="746 1357 994 1388">(i) <u>Governing law</u></p> <p data-bbox="820 1417 1410 1480">The ICPS shall be governed by the laws of Malaysia.</p>



SUNWAY BERHAD

(Registration No. 201001037627 (921551-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Sunway Berhad ("**Sunway**" or the "**Company**") which will be held on a fully virtual basis at the Broadcast Venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 2 September 2020 at 2.30 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,112,777,962 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN SUNWAY ("ICPS") AT AN ISSUE PRICE OF RM1.00 PER ICPS ON THE BASIS OF ONE ICPS FOR EVERY FIVE EXISTING ORDINARY SHARES IN SUNWAY ("SUNWAY SHARES" OR "SHARES") HELD BY THE ENTITLED SHAREHOLDERS OF SUNWAY ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE OF ICPS")

"THAT subject to the passing of the Special Resolution as well as the approval of all relevant regulatory authorities or parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the admission of ICPS to the Official List of Bursa Securities, and listing and quotation of the ICPS, additional warrants (previously issued by the Company on 4 October 2017 constituted under the deed poll dated 19 September 2017 ("**Deed Poll**") ("**Warrants**") and the new Shares to be issued pursuant to the conversion of the ICPS and exercise of the additional Warrants, the Board of Directors of the Company ("**Board**") be and is hereby authorised:

- (a) to provisionally allot and issue by way of a renounceable rights issue of up to 1,112,777,962 ICPS to the shareholders of the Company ("**Shareholders**") whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board and announced by the Company at a later date ("**Entitlement Date**") ("**Entitled Shareholders**") and/or their renounee(s), on the basis of one ICPS for every five existing Shares held by the Entitled Shareholders on the Entitlement Date on such terms and conditions as set out in Section 2.2 of the Circular to Shareholders dated 11 August 2020;
- (b) to allot and issue such number of additional Warrants pursuant to adjustments as provided under the Deed Poll ("**Additional Warrants**") and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll as a result of the Proposed Rights Issue of ICPS and to allot such number of new Shares credited as fully paid-up to the holders of the Warrants pursuant to the exercise of the Additional Warrants during the tenure of the ICPS in accordance with the Deed Poll (if required); and
- (c) to allot and issue such number of new Shares credited as fully paid-up to the holders of the ICPS pursuant to the conversion of the ICPS to new Shares during the tenure of the ICPS in accordance with the Constitution of the Company;

THAT any ICPS which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion on such basis as it may deem fit or expedient and in the best interests of the Company;

THAT the ICPS, Additional Warrants and the new Shares to be issued pursuant to the conversion of the ICPS and/or the exercise of the Additional Warrants shall be listed on the Main Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue of ICPS be utilised for the purposes as set out in Section 3 of the Circular to Shareholders dated 11 August 2020 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company;

THAT the fractional entitlements of the ICPS arising from the Proposed Rights Issue of ICPS, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion deem fit or expedient to minimise the incidence of odd lots and in the best interest of the Company;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue of ICPS, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue of ICPS as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue of ICPS in order to implement and give full effect to the Proposed Rights Issue of ICPS;

THAT the new Shares to be issued arising from the conversion of the ICPS and/or the exercise of the Additional Warrants, if any, shall, upon allotment, issuance and (where applicable) full payment of the exercise price of the Additional Warrants, as the case may be, rank equally in all respects with the then existing Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is before the date of allotment and issuance of such new Shares arising from the conversion of the ICPS and/or the exercise of the Additional Warrants, as the case may be;

AND THAT this Ordinary Resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an agreement, option or offer and shall continue in full force and effect until all ICPS, Additional Warrants and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue of ICPS have been allotted and issued in accordance with the terms of the Proposed Rights Issue of ICPS.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY (“PROPOSED CONSTITUTION AMENDMENTS”)

“THAT subject to the passing of the Ordinary Resolution, approval be and is hereby given to the Company to implement and give effect to the proposed amendments to the Constitution of the Company in the manner as set out in Appendix II of the Circular to Shareholders dated 11 August 2020, to enable the Company to implement the Proposed Rights Issue of ICPS as envisaged in the Ordinary Resolution;

AND THAT the Board be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver, file and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company's common seal, where necessary) as the Board may consider necessary, expedient or relevant to give effect to and complete the Proposed Constitution Amendments with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Constitution Amendments."

By Order of the Board
SUNWAY BERHAD

TAN KIM AUN (SSM PC NO. 202008001249) (**MAICSA 7002988**)
CHIN LEE CHIN (SSM PC NO. 202008001355) (**MAICSA 7012347**)
Company Secretaries

Bandar Sunway
11 August 2020

Notes:

- 1) *The EGM of the Company will be conducted on a **fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") Facility**. This is in line with the Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and its subsequent revisions, including any amendments that may be made from time to time.*

*The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the EGM. **NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES** from the public shall be physically present at the Broadcast Venue on the day of the EGM.*

Shareholders of the Company are to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely at the EGM using RPV Facility provided by the Company's Share Registrar via its website at www.sunwaymanagement.com.my. Please follow the Procedures for RPV Facility provided in the Administrative Details for the EGM which is available on the Company's website at www.sunway.com.my.

- 2) *A shareholder of the Company who is entitled to attend, participate, speak and vote at the EGM of the Company via RPV Facility, may appoint more than 1 proxy to attend and vote instead of the shareholder at the EGM. A proxy need not be a shareholder.*
- 3) *Shareholders may use the Q&A platform in Zoom Cloud Meetings App to submit questions in real time during the EGM. Shareholders may also submit questions to the Board prior to the EGM by emailing to irsunwayberhad@sunway.com.my no later than 2.30 p.m. on 1 September 2020 or via the Q&A platform in www.sunwaymanagement.com.my from 12.00 p.m. on 27 August 2020 up to 2.00 p.m. on 2 September 2020.*
- 4) *Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
- 5) *Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 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.*
- 6) *Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate, speak and vote at the EGM shall have the same rights as the shareholder to speak at the EGM.*
- 7) *If a shareholder has appointed a proxy to attend a meeting and subsequently he/she attends such meeting via the RPV Facility, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to attend the EGM.*

- 8) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.*
- 9) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail to www.sunwaymanagement.com.my or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.*
- 10) *In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 26 August 2020 shall be entitled to attend, speak and vote at the general meeting.*
- 11) *Please ensure that ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.*



PROXY FORM

Extraordinary General Meeting

SUNWAY BERHAD

[Registration No. 201001037627 (921551-D)]

(Incorporated in Malaysia)

Registered Office:

Level 16, Menara Sunway, Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

Tel: (603) 5639 8889 / 5639 8841

Fax: (603) 5639 9507

Number of share(s) held	
CDS Account No.	

*I/We (Full Name).....*NRIC No./Passport No./Registration No.

having Tel./Mobile No.of (Full Address).....

being a shareholder of SUNWAY BERHAD and entitled to vote hereby appoint:-

1ST PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Email Address	NRIC No./Passport No.	No. of Shares	%

and/or failing *him/her,

2ND PROXY

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Email Address	NRIC No./Passport No.	No. of Shares	%

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis at the Broadcast Venue at the Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 2 September 2020 at 2.30 p.m. and at any adjournment thereof.

*strike out whichever not applicable

My/our proxy/proxies shall vote as follows:

Please indicate with an "X" in the space below how you wish to cast your votes. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/her/their discretion.

ORDINARY RESOLUTION	FOR	AGAINST
Proposed renounceable rights issue of new ICPS		
SPECIAL RESOLUTION		
Proposed amendments to the Constitution		

Dated this..... day of 2020

Signature of Member.....

Common
Seal

NOTES:

- The EGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") Facility. This is in line with the Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and its subsequent revisions, including any amendments that may be made from time to time. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the EGM. **NO SHAREHOLDERS/ PROXIES/CORPORATE REPRESENTATIVES** from the public shall be physically present at the Broadcast Venue on the day of the EGM.
- Shareholders of the Company are to attend, participate, speak (in the form of real-time submission of typed texts) and vote remotely at the EGM using RPV Facility provided by the Company's Share Registrar via its website at www.sunwaymanagement.com.my. Please follow the Procedures for RPV Facility provided in the Administrative Details for the EGM which is available on the Company's website at www.sunway.com.my.
- A shareholder of the Company who is entitled to attend, participate, speak and vote at the EGM of the Company via RPV Facility, may appoint more than 1 proxy to attend and vote instead of the shareholder at the EGM. A proxy need not be a shareholder.
- Shareholders may use the Q&A platform in Zoom Cloud Meetings App to submit questions in real time during the EGM. Shareholders may also submit questions to the Board prior to the EGM by emailing to irsunwayberhad@sunway.com.my no later than 2.30 p.m. on 1 September 2020 or via the Q&A platform in www.sunwaymanagement.com.my from 12.00 p.m. on 27 August 2020 up to 2.00 p.m. on 2 September 2020.
- Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 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.
- Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate, speak and vote at the EGM shall have the same rights as the shareholder to speak at the EGM.
- If a shareholder has appointed a proxy to attend a meeting and subsequently he/she attends such meeting via the RPV Facility, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to attend the EGM.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail to sunwaymanagement@sunway.com.my or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only shareholders whose names appear in the Record of Depositors on 26 August 2020 shall be entitled to attend, participate, speak and vote at the general meeting.
- Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

Personal Data Privacy:

By lodging of a completed Proxy Form to the Company for appointing proxy(ies) and/or representative(s) to attend and vote in person at the EGM of the Company and any adjournment thereof, the shareholder accepts and agrees to the use of such data for purposes of processing and administration by the Company (or its agents), and to comply with any laws, listing rules, regulations and/or guidelines. The shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR
SUNWAY BERHAD
LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
47500 SUBANG JAYA
SELANGOR DARUL EHSAN
MALAYSIA

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