



Sunway Berhad 12th Annual General Meeting

Questions & Answers

23 June 2022

Questions from Shareholders

PROPERTY DEVELOPMENT

- 1. Sunway House is the Group's rent-to-own initiative. What is the current occupancy rate and to-date how many of these tenants have become Sunway property buyers as part of the rental can be converted into credit to purchase Sunway property?**

As at 31 December 2021, the occupancy rate at Sunway House Waterfront Residence is encouraging at 50%. However, there is no conversion of rental to purchase a Sunway property yet as the initiative is new.

HEALTHCARE

- 2. Since the borders reopened, has SHG hospitals seen a pickup in medical tourists. Any numbers to be shared?**

The reopening of the country's borders is expected to benefit our leisure and hospitality segments as well as the healthcare services from the resumption of inbound leisure and medical tourism. Currently, the number of foreign patients to our hospitals is below 10% but we expect to grow the target to 15% in the medium term.

- 3. What is the progress of Sunway Healthcare Group's IPO and when is the target date?**

The initial targeted date for Sunway Healthcare Group's IPO is between 2027 to 2028. However, if the performance of Sunway Healthcare Group is better than budgeted, the Group may consider to bring forward slightly the listing of Sunway Healthcare Group.

PROPERTY INVESTMENT & REIT

- 4. In early June, Sunway Malls released a statement stating very strong sales performance compared to pre-COVID. Could the management provide a breakdown for each malls/further comment on the statement?**

The retail segment under the Property Investment and REIT division has recorded strong recovery in retail footfall and sales to normalcy in Q1 2022 compared to pre-COVID performance in 2019. The momentum is sustained in April and May 2022, underpinned by festive spending and stable employment outlook. The reopening of international borders augurs well to further support the retail segment for the remaining part of the year.

We regret to inform that the breakdown of retail sales and footfall for each mall is not a publicly disclosed information.

PROPERTY INVESTMENT & REIT (CONTINUED)

- 5. Sunway Group will be investing and managing Purpose-Built student Accommodation (PBSA) in UK (page 19 of the Integrated Annual Report).**
- i) With its vast properties and landbank built for student accommodation in Bandar Sunway for Sunway University and Monash University, why isn't Sunway REIT invested in PBSA assets in Malaysia?**
 - ii) PBSA be an opportunity for Sunway REIT to increase its portfolio of properties?**

As a diversified REIT, Sunway REIT's mandate permits Sunway REIT to invest in a diversified portfolio including PBSA. However, Sunway Berhad is unable to comment on behalf of another listed company, Sunway REIT. Should you require further information, we encourage you to channel your enquiry to Sunway REIT's investor relations at irsunreit@sunway.com.my.

- 6. Sunway Medical Centre Tower A & B has been injected into Sunway REIT. However, Tower C which is already in operation is not injected into Sunway REIT.**
- i) What is the reason(s) Tower C is not injected into Sunway REIT?**
 - ii) Does Sunway Velocity Mall and the medical centre fulfil the criteria to be injected into Sunway REIT based on the current operating results?**

Sunway's decision to dispose any of its investment properties depends on various factors, including the readiness of the properties, funding needs of Sunway Berhad, and timing amongst other factors.

LEISURE & HOSPITALITY

- 7. Has the Group's hotels and theme parks seen a pickup in visitorship and occupancy rate since the borders reopened? Please share the latest statistics available. What is the latest occupancy rate of Sunway Hotel Big Box in view of Singapore visitors returning back to Johor?**

International visitors to the hotels and theme parks are gradually improving with the reopening of the international borders since April 2022. We expect the traction to increase in the later part of this year to coincide with the school holidays season and full relaxation of international travel guidelines.

Since Sunway Big Box Hotel began its operation in October 2021, the hotel has achieved encouraging average occupancy rate of over 50%.

CONSTRUCTION

- 8. Would the group be open to bidding for MRT3 projects as this might involve hybrid financing?**

Our Construction division, Sunway Construction Group Berhad plans to bid for the MRT3 project and it believes that its strong balance sheet will be a competitive advantage when it comes to hybrid financing.

SUNWAY XFARMS

9. Sunway XFarms is expected to launch KL largest vertical farm by Q3 2022 at Sunway Tower. This is a very smart idea as it would have repurposed Sunway tower which is facing low occupancy rate. How much capital expenditure (capex) does this project involve and are the fresh produce mainly for Sunway hotels internal use?

The project will involve transforming 3 floors of office space into indoor vertical farms, supplying more than 10 tonnes of vegetables per month to urban communities. The capex is minimal as a percentage of total capex of the Group. Sunway XFarms aims to supply produce directly to customers and F&B partners in Kuala Lumpur which include hotels, restaurants, office cafeterias, international schools, etc.

10. Sunway seems to be expanding the urban farming business amid food security issues. Do you mind to share with us the company's grand plan to grow the farming business? For urban farming business, is the company allocating capex over the next three years? What is the fund going to be used? Also, what is the potential for the urban farming business? How much is the business going to generate in terms of sales and profit? Do you mind sharing how much the urban farming business contributes to the total group in terms of revenue and profit? Is there a target which the company would like to achieve in the next three years?

Sunway XFarms is a relatively small business portfolio within the Sunway Group under our Other Business division. The business has yet to contribute meaningfully to the Group. However, we are not able to share the capex involved.

Sunway XFarms is an urban agricultural company which uses soil-less smart farming systems to grow produce which are fresh, safe and nutritious. XFarms' mission is to scale and operate sustainable farms which are close to consumers, thus reducing carbon footprint, food wastage and nutrition lost through complex food travel processes.

FINANCIALS

11. How much extra liquidity has Sunway has to do share buy backs? Is that the best use of the excess cash or should Sunway declares higher dividend? Tell us the thought process behind this rationale.

We have not performed any share buyback since the last AGM to-date. The purpose of share buy backs is to create value for our shareholders as this might enhance the earnings per share and reduce the shares in circulation in Bursa Malaysia Securities Berhad, which generally would have a positive impact on the market price of the shares.

12. What is the expected impact arising from *Cukai Makmur*, weak ringgit and minimum wage on Sunway?

Based on our high-level assessment, *Cukai Makmur* is unlikely to be applicable to our business units, however, we are continuing to monitor this.

The Group does not foresee any major impact from the minimum wage requirement.

The weak Ringgit against the Dollar does not have significant impact on the Group's performance.

FINANCIALS (CONTINUED)

13. How is Sunway preparing for a global slowdown and a high interest rate environment? How is Sunway managing the rising cost of raw materials, inflation and economy downturn?

Operationally, Sunway manages the impact of the rising cost of raw materials and inflation by utilising its raw materials and labour efficiently. In this respect, the Group endeavours to digitalise the business processes of the Group as much as possible. This would put the Group at an advantage against its competitors. Further, the Group also manages the impact of the economic downturn by reducing its fixed costs. This is done by varying the components of its fixed and variable costs.

While there is potential downside risk to the economic outlook of the country, however, the recent World Bank Economic Report forecasted a potential growth of 5% to 6% for Malaysia following the surge in crude oil and crude palm oil (CPO) prices. Besides that, Malaysia will also benefit in the electronic and electrical (E&E) sector from the supply chain rebalancing by the importing countries. In addition, Ringgit had become more competitive and it had attracted more foreign direct investments into the country. Barring any unforeseen circumstances, the economic outlook for the country was expected to be quite good for the rest of the year. Given the Group's diversified exposure in all the main sectors in the Malaysian economy, the Group was well positioned to benefit from it.

14. Referring to p.243 of FY21 annual report and p.8 of 4Q20 quarterly report released on 31st March 2021, may I know how did the consolidation of wholesale funds lead to Sunway's having obligations to repay its perpetual sukuk (i.e. reclassifying those sukuk from equities to liabilities)?

The reassessment of the Group's and the Company's involvement in their investments in wholesale funds had resulted in the reclassification of the perpetual sukuk of the Group and of the Company from equity to financial liability as it ceased to meet the definition of equity in accordance with MFRS 132 Financial Instruments: Presentation. Accordingly, the entire perpetual sukuk net of the amount of perpetual sukuk invested by the wholesale funds of the Group and the entire perpetual sukuk of the Company have been reclassified from equity to non-current liability respectively. This has also resulted in the reclassification of distributions to holders of perpetual sukuk from transactions with owners recognized directly in equity in the statements of changes in equity to profit or loss.

OTHERS

15. For Sunway PA, when redeemed, will the company gives 1: 1 mother share or value RM1 mother share?

The ICPS conversion is 1 ordinary share for 1 ICPS.

16. What is the sales for Sunway eMall as a proportion of overall retail sales?

Sunway eMall is relatively new as it was only launched in October 2021. The online ecommerce platform is meant to complement the physical retail space of 7 malls under Sunway and provides an alternative option to enhance their retail experience at Sunway's malls.

OTHERS (CONTINUED)

17. The Group holds an equity interest of 19.33% in Gopeng Berhad, a listed issuer on Bursa which are mainly involved in plantation & property development. Gopeng has been reporting losses for the past few years. Is this a strategic holding of Sunway Berhad and if not, any particular reason for holding this equity interest in Gopeng?

The investment in Gopeng is a strategic investment. We plan to maintain the investment in the foreseeable future. Any decision in the future will be announced accordingly.

18. The joint venture with Hoi Hup Group in Singapore saw a huge decrease in revenue and profit after tax in FY2021 where the PBT decreased from RM493 million to RM6.147 million in FY2021. Apart from the Covid-19 impact, what are the reason(s) for the reduction?

It should be noted that due to the adoption of MFRS 15, profits from some of the Group's on-going Singapore property development projects will only be recognised upon completion and handover of the projects. In FY 2020, the better results for Hoi Hup Group was attributed to profit recognition upon the completion and handover of one of our Executive Condominium projects, Rivercove in the fourth quarter of 2020.

19. Does the company wish to further comment on the failure to obtain digital banking license?

We will continue to explore opportunities in the fintech space with collaboration with various parties, capitalising on Sunway's vast ecosystem of businesses and customer base and our IT-driven technologies.

20. When can Sunway holds a physical AGM?

We will take into consideration of your suggestion for future AGMs, which includes consideration in ensuring the safety of attendees from risk of COVID-19 infections. We will notify our shareholders accordingly.

21. We would like to request that the company to consider giving door gifts in the form of e-voucher to minority shareholders who have taken the time and initiative to attend the company's virtual AGM. Your kind gesture and show of appreciation will be very much appreciated during this trying time.

Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting.

Hope the Board of Directors will give us faithful and sincere shareholders shopping vouchers or food vouchers.

It is not our company policy to issue any door gifts to shareholders attending the AGM. We take note of your suggestions for consideration in future AGMs.

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