



## **Sunway Berhad 13<sup>th</sup> Annual General Meeting**

Questions & Answers

22 June 2023

## Questions from Shareholders

### PROPERTY DEVELOPMENT

- 1. The take-up rate for Jernih Residences and Sunway Alishan was 28% and 23% respectively as at the end of 2022. What is the take-up rate in June 2023? What is Sunway's strategy to boost sales?**

The take-up rate as of June 2023 for Jernih Residence and Sunway Alishan stood at 39% and 31% respectively.

Sunway's Property Development division recently launched the second instalment of the Signature Series 2023 campaign. The campaign showcases 18 Signature Homes across Klang Valley, Johor, Ipoh, and Penang, all designed with Sunway Design & Development Architecture (SDDA), incorporating the highest standards of Sustainability, Innovation, Health & Wellness, and Lifestyle & New Experiences. This approach ensures that each development meets the demands of modern living while fostering a sense of community.

The division also collaborated with major banks in the country to offer sustainable financing to purchasers for Sunway Property Signature products that are GBI and GreenRE-certified. In addition, Sunway Property Pals+ loyalty programme offers unparalleled after-sales value for purchasers.

- 2. Any expected late ascertain damages (LAD) for the Group's current ongoing projects? If yes, how much?**

Based on the current progress, the Group does not expect any LAD for the ongoing projects.

- 3. What is the Board's view on Malaysia's property market in the next 2-3 years?**

While there are lingering pandemic impacts on the supply chain and growing geopolitical tensions and tighter monetary policies impacting the consumer cost of living globally, the outlook and prospects for the property market remain positive with the anticipated gradual economic recovery in 2023 on the back of a gradual recovery in the domestic property sales, particularly in the affordable and mid-range property segments targeting first-home buyers.

Furthermore, the reopening of international borders and normalisation of activities bode well for foreign interest in local properties.

Supported by RM4.4 billion remaining in unbilled sales (as at 31 Mar 2023) and 3,068 acres of landbank remaining for future development (as at 31 May 2023), the Group is optimistic about the outlook of the Property Development division in FY 2023.

- 4. How is the take-up rate for Sunway's new property launches in 2022 and 2023?**

Property sales remained stable and the take-up rates are encouraging.

## HEALTHCARE

**5. Sunway Sanctuary is reported to be launched in June 2023. Can the company share the initial response to this new product and what is the target market and capex for this project?**

Sunway Sanctuary had a soft opening on 6 June 2023. Approximately RM300 million was incurred to curate this specialised senior living space within the integrated township of Sunway City Kuala Lumpur with direct access to our flagship hospital, Sunway Medical Centre Sunway City. Sunway Sanctuary aims to provide a holistic lifestyle with good medical care for active seniors looking to relocate and move to a vibrant community with plenty of recreational and social activities. Response to the senior living concept has been very encouraging.

**6. Sunway Medical Centre Tower D and E have started operating. Is it profitable for Tower D and E? What is the latest development of Sunway Medical Centre Velocity?**

Tower D and E of Sunway Medical Centre Sunway City have opened progressively since May 2023. We are confident that the new towers will achieve profitability sooner given that the towers are extension of the existing Sunway Medical Centre Sunway City.

Sunway Medical Centre Velocity is undergoing an expansion phase to cater to the growing demand for healthcare services.

**7. Sunway Healthcare Group's revenue surpassed RM1 billion in FY 2022 for the first time. When is the IPO for Sunway Healthcare Group?**

Firstly, we are pleased to inform you that our healthcare business is doing very well, hence, we are on track to list in 2027, which was the agreed date with our strategic partner, GIC. However, if the market condition is favourable for an earlier listing, we will definitely consider such an option accordingly.

We would also like to take this opportunity to share the performance of our healthcare division. We are pleased to report that over the last 5 years despite the challenges posed by COVID-19 in 2021 and 2022, our healthcare business' profitability actually recorded a compounding annual growth rate of more than 20%. With the track record going forward, we are very confident that we will be able to sustain such a growth rate, which is due to our growing market share, underpinned by the new pipeline of hospitals that will be coming on soon in the next few years.

As an example, Sunway Medical Centre Penang with a potential capacity of 330 beds opened in November 2022. We have received feedback that the hospital is targeted to turn profitable by the end of 2023. With such a short gestation period, it is indeed an exceptional performance, compared with the normal gestation period for new hospitals which could take between 3 to 4 years.

With that, we can conclude that our healthcare business is doing very well and we certainly look forward to our IPO listing as we also want to take this opportunity to optimise the benefit for our shareholders.

## PROPERTY INVESTMENT AND REIT

- 8. Can the company clarify on the analyst reports and news report stating that Sunway REIT does not intend to renew the tenancy of AEON Sunway once it expires? Will the supermarket in Sunway Pyramid Mall continue to operate? Please clarify the plans for the AEON space.**

Sunway REIT plans to renovate and reconfigure the entire section where AEON is currently operating into a multi-tenanted specialty stores when the tenancy expires. The objective of this asset enhancement initiative (AEI) is to generate a higher average rental rate (ARR) and improve the tenancy mix of the retail mall. The proposed AEI will take approximately 1.5 years to complete.

- 9. What is the expected GDV for Sunway South Quay Square and would this project affect the occupancy rate of Sunway Geo Tower since there is also office space in the SSQ Square? How many tenants/leases have been secured for the retail podium at the Square?**

The Sunway South Quay Square development is expected to have a gross development value of approximately RM2.0 billion. The commercial office buildings in Sunway City Kuala Lumpur, namely Sunway Pinnacle and Sunway Geo Tower enjoyed almost 100% occupancy rate. Hence, the Group is of the opinion that the additional office space to be built at Sunway South Quay Square is timely to meet expected growth in demand and would complement the other existing office buildings. As for the retail podium, the negotiations with various tenants are currently still in progress.

- 10. Does the management have any plans to build residential properties to manage or rent out and subsequently inject into Sunway REIT?**

For your information, a residential REIT is not in the mandate of Sunway REIT.

## LEISURE/HOSPITALITY

- 11. What is the visitorship (theme park / hotel / medical tourism) so far in 2023 compared to pre-pandemic? Has it fully recovered? How is the demand for medical- tourism? What is the breakdown between foreign and local visitors?**

Since Malaysia's transition to the endemic phase in April 2022, visitorship to the Group's theme parks and hotels has improved but is still below pre-pandemic levels. However, majority of the visitors are still domestic tourists due to the slow return and a limited number of international flights coming to Malaysia. Hence, visitorship to the theme parks remained at over 60% of pre-pandemic levels, while the hospitality division's occupancy level is around 80% of the pre-pandemic levels.

The healthcare division benefitted from the rise in demand in the post-pandemic period. Despite international flights into Malaysia have not recovered fully, the demand for medical tourism has recovered to the pre-pandemic level.

- 12. What is the current occupancy rate for Sunway's hotel?**

The hotels are trading at 80% of pre-pandemic level. The average occupancy rate is hovering between 55% - 60%.

**13. Can the company share the visitorship and customer response to the Sunway Lagoon night park compared to the usual daytime Sunway Lagoon visitorship and crowd and how does the company view the competition from Splashmania and has it reduced Sunway Lagoon visitorship?**

Since Sunway Lagoon Night Park opened in November 2022, the response and visitors to the park have been good. The night park attracts a different group of visitors and does not impact the day park as the activities at both parks are different.

The opening of any new theme parks in Selangor will have some impact on Sunway Lagoon theme park's operations in the short term due to the new park's novelty factor. However, we believe that the prime location and unique attractions of Sunway Lagoon theme park provide a competitive advantage over the other theme parks. Hence, its leadership position will prevail.

**14. Can the company share the visitorship and customer response to the newly opened Sk8te City and how much capex has been spent for this new skating place in Sunway Putra Mall. Has Sunway Putra Mall's visitorship improved after Sk8te City opened?**

Sk8te City at Sunway Putra Mall opened in mid-April 2023 to provide a new entertainment experience at the retail mall. Minimal capital expenditure was incurred to design and build the indoor roller-skating park. As at to-date, the visitorship has been encouraging. Looking ahead, we believe it will be one of the main attractions which will attract footfalls to the retail mall.

## OTHERS

**15. What is the business outlook for Sunway in 2023? What is the main direction?**

Looking ahead, the Group is cautiously optimistic that most of its business will continue to perform satisfactorily. In particular, the Group expects its leisure, hospitality and healthcare segments to continue to benefit from the improving in-bound leisure and medical-related tourism as more international airlines resume their flights to Malaysia.

Barring any unforeseen circumstances, the Group expects its financial performance for the year to remain satisfactory.

**16. What are the plans for the financial services segment following the unsuccessful bidding of the digital bank license? Is there any plan to develop the loan business as a non-financial institution?**

Our Financial Services division continues to operate as usual. In general, the division provides a wide range of financial products and services such as mortgage loan, factoring, hire purchase and insurance services to the general public. As a value-added service, we also offer term loans to Sunway property purchasers and bridging loans to our contractors for in-house projects, subject to normal credit evaluation and approval processes.

**17. In Sunway City Ipoh, the medical centre is under construction. May I know the status of the new retail mall and university in Sunway City Ipoh? What is the strategy to attract more tourists to Sunway City Ipoh?**

Plans for the retail mall and university at Sunway City Ipoh are still under planning stage. The Group will continue to plan and build more catalytic projects to spur visitorship to Sunway City Ipoh.

**18. How does minimum wage affect the company?**

Implementing minimum wage is not unique to Sunway and is manageable within our operating cost. Furthermore, the Group expects business operations to continue to perform satisfactorily in this financial year, which will be able to offset the increase in minimum wage.

**19. Why is Sunway Berhad share price so low?**

The share price is a function of various factors, including the financial performance of Sunway, valuation, and economic and equity market sentiment, amongst others. The Group is cautiously optimistic that most of its business units will continue to perform satisfactorily in this financial year. The financial performance outlook is reflected in Price / Earnings and Price / Net Asset Value which trade at a premium to the industry average.

**20. Kindly consider to resume physical AGM. Same goes for Sunway Construction.**

We will consider your suggestion for future AGMs. Similarly, the feedback will be channelled to Sunway Construction for their kind consideration.

**21. Please consider giving e-vouchers to the theme parks or meal vouchers or e-wallets to attendees for the AGM as a token of appreciation.**

We would like to inform that Sunway does not have any door gifts or vouchers policy for participation at AGM. We would take your suggestion into consideration for future AGMs.

**22. I would like to request for a printed hard copy of the company's Annual Report**

You may request for a copy of the printed IAR 2022 and Circular to Shareholders from our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's (TIIH) website at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services".

If you have any enquiry in relation to the request of the printed IAR 2022 and Circular to Shareholders, please contact our Share Registrar, during office hours from Mondays to Fridays (8:30 a.m. to 5:30 p.m.), except on public holidays:-

Telephone: 603-2783 9299

Fax: 603-2783 9222

Email: [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

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