



Sunway Berhad 14th Annual General Meeting

Questions & Answers

25 June 2024

Questions from Shareholders

PROPERTY DEVELOPMENT

1. What is Sunway's investment / land acquisition strategy ahead?

As at 31 Mar 2024, the total remaining landbank stood at 2,472 acres with a total of GDV of RM56.3 billion, mainly located in Malaysia.

The Property Development division will continue to grow its footprint in Malaysia, Singapore, and China. The upcoming completion of the Johor Bahru-Singapore Rapid Transit System Link ("RTS Link"), slated for the end of 2026, is anticipated to boost homebuyers' interest in both Malaysia and Singapore with the promise of smoother connectivity and faster travel times. Other factors including the announcement of the Johor-Singapore Special Economic Zone is poised to bring about new opportunities in Johor where Sunway has built its largest township in the Southern region, Sunway City Iskandar Puteri.

2. Following the closure of SPA between Umech Land Sdn Bhd and PDC for intended industrial development, does the group plan to source for similar size of lands located at northern peninsular Malaysia for the intended industrial development?

The Group remains selective to look out for industrial land banks in strategic locations in Malaysia to grow its industrial segment.

3. Kindly comment on the China property market and overview of Sunway's property business in China.

In September 2019, the Property Development division was awarded a 6.85-acre plot of land located in Tianjin, China at a tender price of RMB438 million (equivalent to approximately RM257.78 million). The land is currently being developed as the third phase of Sunway Gardens, which consists of seven blocks of condominiums. Only one block of Sunway Garden residential development Phase 3 in Tianjin EcoCity was launched in December 2021. In 2023, the division have further launched another block of development, the take-up rate has been encouraging.

In 2024, the overall outlook for China's property market remains challenging given the economic slowdown, and softer buyers' confidence in the property market after the debt crisis of the major developers in China.

The division target to launch another two blocks of Sunway Gardens residential development Phase 3 in 2024, of which one block was launched in April 2024 and the other block is expected to launch in the second half of the year. Sales from the project is expected at a gradual pace given the soft market situation as well as the prevailing confidence level of potential buyers.

However, we believe that the sales outlook will gradually improve going forward.

4. Any plans to invest in Sarawak?

Sunway's Property Development division has signed two memorandums of understanding ("MoU") with the Sarawak Foundation and Land Custody and Development Authority ("LCDA") respectively. The first MoU with the Sarawak Foundation is to jointly explore the transformation of 119 prime acres of land in Kuching into a 'state-of-the-art' Digital Medical Village Development. The second MoU with LCDA is for the proposed redevelopment of a 497-acre urban renewal area in Bukit Assek, Sibul. The two projects will take inspiration from Sunway's Build, Own, Operate business model and aspire to emulate the award-winning Sunway City Kuala Lumpur township to revitalise the city with an integrated modern smart city master plan, feasibility studies and design innovations.

5. How will the Johor-Singapore Special Economic Zone ("JS-SEZ") benefit Sunway?

The Government-led catalytic special economic zone between Johor and Singapore ("JS-SEZ") is formulated to enhance bilateral economic ties and improve connectivity between the two countries while facilitating smoother movement of people and goods across the border. In addition, the anticipated opening of the Rapid Transit System Link ("RTS") in 2026, which has the capacity to handle 10,000 passengers per hour, will reduce congestion on the Johor-Singapore causeway and the Second Link, easing the logistic movement.

The proposed SJ-SEZ augurs well for sustainable economic growth and the creation of high-skilled employment opportunities in Iskandar Malaysia, particularly in innovation and technology, and tourism industries.

Sunway City Iskandar Puteri stands out from other developments in Iskandar Malaysia as a sustainable integrated city with low-density developments and amenities such as retail mall, healthcare and education facilities, leisure and hospitality services. Upon the commencement of RTS service, it will substantially reduce commuting time between Johor and Singapore. We are confident that this will encourage higher home ownership in Johor. SCIP is well-positioned to capitalise on this opportunity.

In November 2023, Sunway partnered with Equalbase to develop Equalbase Sunway 103°, a logistic facility in a free commercial zone in Sunway City Iskandar Puteri. The facility's strategic location will contribute further to the growth of the township. Beyond that, Sunway may explore other opportunities in industrial segment, including data center.

HEALTHCARE

6. What is the progress of Sunway Healthcare Group's IPO? With the exceptional performance of Sunway Healthcare division, will management consider listing of Sunway Healthcare ahead planned timeline of 2027? Any plans of proceeds raised?

Pursuant to the share subscription agreement entered between Sunway Healthcare and its joint venture partner, Greenwood Capital Pte Ltd on 23 June 2021, the parties have committed to undertake a proposed initial public offering ("IPO") of Sunway Healthcare on or before 1 October 2027. Given the encouraging financial performance, the Group plans to launch the IPO as soon as practicable, subject to Sunway Healthcare's shareholders' approval.

7. Will shares in Sunway Healthcare be distributed to existing shareholders of Sunway Berhad or offered for subscription at its IPO?

The Group has not made any decisions at this juncture. We will make the necessary announcements should there be any developments on the IPO.

PROPERTY INVESTMENT AND REIT

8. Sunway Velocity Mall has been opened for 7 years. Has the net property income (NPI) of the mall reached a level which the company is considering to dispose to Sunway REIT?

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. Should there be any exercises, we will make the necessary announcement in due course.

9. Sunway RE Capital Pte Ltd subscribed additional units in Elite Commercial REIT for total cash of GBP10.1 million increasing its interest in Elite REIT to 11.17%. Elite REIT had reported losses of more than RM100 million in FY2023 (Note 20(1) - Page 269 of AR)

- (i) What are the reason(s) for the substantial loss reported by Elite REIT in the last 2 financial years?**
- (ii) What is the rationale for increased investments in Elite REIT despite the substantial losses reported?**

(i) The loss reported by Elite Commercial REIT ("ECR") in the last 2 financial years was mainly due to decrease in fair value of investment properties, which attributed to worsened general macroeconomic environment in the UK as at both financial year end, influenced by market factors including rising interest rates and construction costs.

(ii) ECR reported a weighted average lease expiry of 4 years and occupancy rate of 92.3% for its portfolio as at Q1 2024. The additional subscription of units at a lower cost allows the Group to reduce the average cost per unit of its investment. The outlook on interest rates in the UK is expected to decline and hence we believe that the investment in ECR will be able to provide a stable and sustainable income, which is in line with the Group's strategic plan to grow its real estate portfolio in selected markets.

10. If not mistaken, shareholders have approved the SUNREIT DRP. Will SUNREIT implement this SUNREIT for all upcoming distributions?

Given that Sunway REIT is a listed REIT with a separate Board of Directors, Sunway Berhad is not in the position to address this question on behalf of Sunway REIT.

CONSTRUCTION

11. Sunway Berhad, hold 54.56% of Sunway Construction Group (“SCG”) or 705 million shares as Investments at Cost. Approximately RM 141 million (at RM 0.20 per share).

With the appreciation of SCG stock price, the investment in SCG has significantly appreciated since 2015. (about RM2.5 billion)

A fair revaluation of SCG will significantly boost the current Net Tangible Assets (NTA) and will also appraise the Investments in the Balance Sheet more appropriately.

Kindly share us your optimistic views/plans moving forward on the above as an Investment Holding Company.

SCG is a subsidiary of the Group, where the investment in SCG is recorded and carried at its original cost, in accordance to MFRS 9. According to MFRS 9, Sunway Berhad, as the holding company, is unable to adjust the value to reflect SCG’s current market value, unless there is a disposal or impairment. As a subsidiary to the Group, the financial performances of SCG is recorded and consolidated into the Group’s consolidated financial statements, based on its proportionate stakes.

Sunway plans to continue holding SCG stakes for the long term given the company’s potential and long-term growth trajectory.

12. Is Sunway Berhad going to participate in the National Project for Large Scale Solar Power Plants?

Sunway's construction division, Sunway Construction Group, has completed 2 Large Scale Solar (LSS) 4 projects in May 2024 as a contractor. Sunway Berhad has not participated in any LSS projects at this juncture.

13. Does the increase in diesel price has any impact to Sunway especially on construction sector? If there is any impact, what is the solution?

The recent removal of subsidy in diesel price is not expected to have a material impact to the construction sector because Sunway Construction has been paying non-subsidised diesel price.

OTHER DIVISIONS

14. How are the other divisions such as Trading and Manufacturing, Quarry and Building Materials performing this year?

The Trading & Manufacturing, Quarry and Building Materials divisions are performing well this year. The Trading and Manufacturing segment is supported by higher sales, predominantly in the domestic market while the overseas operations are gradually improving.

The quarry segment’s strong performance was underpinned by higher sales volume and average selling prices of aggregates and premix. Looking ahead, the quarry division expects promising prospects for the remaining part of 2024, with the rollout of more infrastructure projects in the pipeline.

The Building Material division is performing well and plans to intensify its growth through cost reduction initiatives, exploring alternative markets, increasing product range, enhancing brand awareness and seeking new business partnerships to facilitate entry into overseas markets.

15. What is the XFarm CAGR?

Sunway XFarms is an agricultural company initiative by Sunway that grows fresh, safe and nutritious produce in sustainable smart farms. Sunway XFarms' mission is to grow planet-friendly produce around the country— fighting climate change, food wastage and nutrition lost through complex food travel processes, in support of the 17 UNSDGs. This initiative is complementary to the business of the Group.

SUSTAINABILITY

16. Can you elaborate on Sunway's approach to sustainable development, particularly in relation to its impact on local communities?

Sunway is committed to giving back to society, to empower individuals and inspire stories of hope and resilience. Through partnerships with non-profits, government agencies, and local communities, our initiatives reflect a commitment beyond profits. They are developed to drive sustainable development.

At Sunway, CSR initiatives under the #SunwayforGood umbrella champion long-term partnerships and staff volunteer-driven initiatives in three areas of focus, namely education, healthcare and community enrichment. These three pillars align with the 17 United Nations Sustainable Development Goals (UN-SDGs). Since its inception, #SunwayforGood has touched the lives of hundreds of thousands of beneficiaries. Underscored by Sunway's core values and purpose-driven commitment, we aim to positively impact millions more across the country in the years ahead.

17. How does the company ensure that its development projects benefit the community economically, socially, and environmentally?

We have established a Green Township Policy and Green Building Policy to ensure that the diverse needs of the community are met, while minimising the developments' impacts on the environment and society by regenerating the areas surrounding the built environment. The principle of conduct of the policies includes:

- (i) Integration of sustainable practices in development, operations and management, which begins during the conceptualisation process and extends to the design, construction, operation and maintenance of buildings and infrastructure; and
- (ii) Design and produce built environment that facilitates healthy lifestyles and emphasises on the well-being of the community.

Our key strides towards green buildings and townships, and reducing negative impacts to the ecology and biodiversity in areas we operate include, but are not limited to, establishing standard operating procedures for energy efficiency, water management, environmental protection, biodiversity conservation, transportation and connectivity, social cohesion and community planning, and more.

FINANCIALS

18. Any fixed dividend policy?

The Board has endorsed a minimum dividend policy of 20% of core PATMI to be distributed annually. This policy would balance the need of our shareholders for annual dividend income while retaining sufficient cash to finance Sunway's sustainable growth objective. The Board intends to declare a dividend above the minimum threshold if Sunway performs satisfactorily. For the financial year ended 31 December 2023, the Group declared a total dividend of 5.50 sen per ordinary share. The dividend payout was equivalent to 43% of core profit after tax and minority interest ("PATMI") and exceeded the dividend payout guidance of 20% of core PATMI.

19. Terms Loans of the Group increased further to RM2.874 billion from RM1,965 billion in FY2022. The weighted average interest rate for Terms Loans has increased substantially to 5.29% vs 3.20% in FY2022.

- (i) What are the reasons for increasing Terms Loans borrowing despite the much higher interest rates?
- (ii) Will the Group reduce its Terms Loans and switch to other lower costs borrowings in the near future?

- (i) The additional gross borrowings during the year were mainly utilised for capital expenditures (CAPEX) related to the acquisition of Property, Plant and Equipment and construction of investment properties. The CAPEX is necessary to continue to drive value creation for the Group and to strive toward achieving long-term sustainable growth.
- (ii) The Group will proactively optimise its capital management in its debt profile and optimising the average cost of debt.

CORPORATE GOVERNANCE

20. Any succession plan for retiring directors instead of re-election?

Sunway strives to maintain a diverse group of directors and continues to improve the Board's diversity through gender diversity and diversity in skills and expertise. In doing so, Sunway does have succession planning for its directors, and have board renewal upon directors reaching the limit of their tenure.

OTHERS

21. This year is year 4 of the Sunway ICPS issuance, do the company intend to further extend the validity of this ICPS or it will be mandatorily converted to Sunway shares end of year 4 and 5 as per the prospectus?

The ICPS will not be extended and will be mandatorily converted to Sunway ordinary shares as scheduled on year 4 and year 5 respectively, as per the prospectus. No additional cash payment is required from the ICPS holders for the conversion of the ICPS.

22. With recent multiple tech companies announced investment plan in AI and data centre in Malaysia, does Sunway have any plans to capture the benefit from these investment plan such as data centre, green energy etc?

Sunway will evaluate any investment opportunities on a case-to-case basis and its value proposition to the Group.

23. Does Sunway have any intention to dispose land to data centre users in Johor or have short to medium term plans to venture/invest into data centre in Johor? What's the current status/strategies/action taken and employed to realize such plans. Save and except for SunCon's data centre construction contracts, how does Sunway's management view Sunway to benefit from the recent data centre wave in Johor?

Sunway will evaluate any investment opportunities on a case-to-case basis and its value proposition to the overall development in Sunway City Iskandar Puteri. For now, Sunway Group has no plans to own any data centres. Going forward, Sunway will continue to pursue and capitalise on emerging opportunities in the Southern region such as data centres.

24. What is the company's future outlook?

The Group continues to focus on its core businesses, particularly the growth of its healthcare segment. For the Property Development division, the segment's developments in the Southern region is strongly anchored on the progress of the Johor-Singapore Special Economic Zone and the completion of the Johor Bahru-Singapore Rapid Transit System Link, which will enhance the connectivity between Malaysia and Singapore. Starting 19 March 2024, travellers arriving and departing Singapore via the Woodlands and Tuas checkpoints can use QR codes in lieu of physical passports for faster and more convenient immigration clearance.

These developments in the Southern region augur well for Sunway City Iskandar Puteri. The outlook on Singapore's property market remains positive. Its joint venture company will be launching an executive condominium project on a parcel of 4.06-acre leasehold land at Tengah Plantation Close acquired in September 2023. The joint venture company also successfully secured another 4.95 acres of leasehold land at Tengah Plantation Close in February 2024 for the development of executive condominiums, targeted to be launched in 2025.

Sunway Construction is actively involved in the construction of Advanced Technology Facilities projects, having secured 3 new data centre projects in the Klang Valley in the first quarter of 2024 and continues to proactively pursue more opportunities in that space. Additionally, it is also participating in various bids within the warehousing and semiconductor manufacturing sectors. The total outstanding order book to-date stood at RM7.9 billion, with total new order book secured in FY2024 of RM3.3 billion.

Barring any unforeseen circumstances, the Board is optimistic of the Group's financial performance for the year.

25. How much does the company spend on this virtual AGM, plus remote participation & voting (RPV)?

The bulk of the virtual AGM expenses goes to ensure that there is a proper online registration and remote voting platform for the shareholders to have a seamless connection to access the virtual meetings and ensuring that the virtual AGM is conducted smoothly for the shareholders' benefit.

26. 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 you that Sunway does not give out any door gifts for participation in general meetings. Sunway believes in rewarding shareholders through total shareholders' returns including dividends.

27. Could the Company conduct next AGM / EGM / Other meetings physically?

We will take into consideration of your suggestion for future general meetings and will notify our shareholders accordingly.

28. 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 Integrated Annual Report ("IAR") 2023 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". However, please consider the environment before making a request for a printed copy.

If you have any enquiry in relation to the request of the printed IAR 2023 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

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