

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after six months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue of ICPS, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar for the Rights Issue of ICPS at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (Tel: +603 2783 9299).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), are despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 6 November 2020 and who have a registered address in Malaysia or who have provided our Share Registrar for the Rights Issue of ICPS with a registered address in Malaysia in writing by 5.00 p.m. on 6 November 2020. The Documents are not intended to and will not be made to comply with the laws of any jurisdiction other than Malaysia and are not intended to and will not be issued, circulated or distributed in jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of ICPS complies with the laws of any jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferees and/or their renounees who are residents in jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of entitlements to the Rights Issue of ICPS, application for Excess ICPS, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICPS would result in the contravention of any law of such jurisdictions. We, RHB Investment Bank and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements to the Rights Issue of ICPS, application for Excess ICPS or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue of ICPS made by any Entitled Shareholders and/or their transferees and/or their renounees is or shall become illegal, unenforceable, voidable or void in such jurisdictions in which Entitled Shareholders and/or their transferees and/or their renounees are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue of ICPS. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its content.

Approval for the Rights Issue of ICPS has been obtained from our shareholders at our EGM convened on 2 September 2020. Approval has been obtained from Bursa Securities on 7 August 2020 for the admission of the ICPS to the Official List as well as the listing and quotation of the ICPS and the new Shares to be issued upon conversion of the ICPS on the Main Market of Bursa Securities. Such admission and listing and quotation on the Main Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue of ICPS. The Shariah Advisory Council of the SC had, vide its letter dated 2 October 2020, informed that it has no objection to the ICPS being Shariah compliant.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

SUNWAY®

SUNWAY BERHAD

(Registration No. 201001037627 (921551-D))

(Incorporated in Malaysia)

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 AT 5.00 P.M. ON 6 NOVEMBER 2020

Sole Principal Adviser

RHB InvestmentBank

RHB INVESTMENT BANK BERHAD

(Registration No. 197401002639 (19663-P))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date : Friday, 6 November 2020 at 5.00 p.m.

Last date and time for:

Sale of Provisional Allotments : Wednesday, 18 November 2020 at 5.00 p.m.

Transfer of Provisional Allotments : Friday, 20 November 2020 at 4.30 p.m.

Acceptance and payment : Thursday, 26 November 2020 at 5.00 p.m.

Excess ICPS Application and payment : Thursday, 26 November 2020 at 5.00 p.m.

This Abridged Prospectus is dated 6 November 2020

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

RESPONSIBILITY STATEMENTS

OUR DIRECTORS HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THIS RIGHTS ISSUE OF ICPS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

RHB INVESTMENT BANK, BEING THE SOLE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE OF ICPS, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THIS RIGHTS ISSUE OF ICPS.

STATEMENTS OF DISCLAIMER

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF ICPS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF ICPS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

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

Abridged Prospectus	:	This abridged prospectus in relation to the Rights Issue of ICPS
Act	:	Companies Act 2016
Bloomberg	:	Bloomberg Finance Singapore L.P. and its affiliates
Board	:	Our Board of Directors
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
CDS Account(s)	:	Securities account established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	:	26 November 2020 at 5.00 p.m., being the last date and time for the acceptance of and payment for the ICPS
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
Constitution Amendments	:	Amendments to the Constitution to facilitate the issuance of the ICPS which was approved during the EGM on 2 September 2020
Conversion Price	:	Conversion price per ICPS, being RM1.00 per Sunway Share, subject to any applicable adjustments
Conversion Shares	:	New Shares to be issued pursuant to the mandatory conversion of the ICPS at the Conversion Price credited as fully paid-up
COVID-19	:	Coronavirus disease 2019
Corporate Exercises	:	Collectively, the Rights Issue of ICPS and the Constitution Amendments
Deed Poll	:	The deed poll dated 19 September 2017, constituting the Warrants and governing the rights of Warrant holders entered into by our Company
Director(s)	:	Our director(s) and has the same meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
e-NPA	:	Electronic NPA
e-RSF	:	Electronic RSF
e-Subscription	:	Electronic subscription via TIIH Online
EGM	:	Extraordinary general meeting

DEFINITIONS (CONT'D)

Entitled Shareholders	:	Our shareholders whose names appear in the Record of Depositors of our Company as at the Entitlement Date
Entitlement Date	:	6 November 2020 at 5.00 p.m., being the date and time to which our Shareholders must be registered in our Record of Depositors to be entitled to participate in the Rights Issue of ICPS
EPS	:	Earnings per share
Excess ICPS	:	The ICPS which are not taken up or not validly taken up by our Entitled Shareholders and/or their transferees and/or their renounees before the Closing Date
Excess ICPS Applications	:	Applications for additional ICPS in excess of the Provisional Allotments by our Entitled Shareholders and/or their transferees and/or their renounees
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 Rights Issue of ICPS by the Entitlement Date
FYE	:	Financial year(s) ended
GDV	:	Gross development value
Government	:	Government of Malaysia
ICPS	:	Irredeemable convertible preference shares in our Company to be issued under the Rights Issue of ICPS
Issue Date	:	The date of issuance of the ICPS
Issue Price	:	Issue price of the ICPS, being RM1.00 per ICPS
Klang Valley CMCO	:	Conditional MCO which was imposed by the Government of Malaysia for Selangor, Kuala Lumpur and Putrajaya on 14 October 2020 and subsequently extended on 26 October 2020
LAD	:	Liquidated ascertained damages
LCD	:	30 September 2020, being the latest practicable date before the printing of this Abridged Prospectus of which a particular matter referred to in this Abridged Prospectus could be calculated
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	8 October 2020, being the latest practicable date before the registration of this Abridged Prospectus with the SC
Market Day(s)	:	Any day on which Bursa Securities is open for trading in securities
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 our Company and the ICPS holders

DEFINITIONS (CONT'D)

Maximum Scenario	:	Assuming:
		(i) all the existing 37,308,865 treasury shares as at the LPD 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 the LPD are exercised into new Sunway Shares at the exercise price of RM1.65 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:
		(i) all the existing 37,308,865 treasury shares as at the LPD are retained in our Company on the Entitlement Date;
		(ii) none of the outstanding 629,958,045 Warrants as at the LPD 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 by our Undertaking Shareholders to raise a minimum of RM612.7 million
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue of ICPS as enclosed with this Abridged Prospectus
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
PBT	:	Profit before tax
Preferential Dividend	:	An indicative preferential dividend to be paid by our Company at the discretion of our Board on a semi-annual basis at the rate of 5.25% per annum calculated based on the Issue Price
Provisional Allotments	:	The ICPS provisionally allotted to our Entitled Shareholders
Record of Depositors	:	A record of securities holders of our Company established and maintained by Bursa Depository under Rules of Bursa Depository
Registered Entitled Shareholders	:	Entitled Shareholders who are registered users of TIIH Online
RHB Investment Bank or Sole Principal Adviser	:	RHB Investment Bank Berhad
Rights Issue of ICPS	:	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

DEFINITIONS (CONT'D)

RMCO	:	Recovery MCO which was imposed by the Government of Malaysia on 10 June 2020 and subsequently extended on 28 August 2020
RSF	:	Rights subscription form in relation to the Rights Issue of ICPS as enclosed with this Abridged Prospectus
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to SICDA
SC	:	Securities Commission Malaysia
Share Registrar for the Rights Issue of ICPS or Tricor	:	Tricor Investor & Issuing House Services Sdn Bhd
Shareholders	:	Our registered holders of Sunway Shares
Shariah Adviser	:	Associate Professor Dr Aznan Bin Hasan, being our Shariah Adviser for the Rights Issue of ICPS
Shariah Pronouncement Letter	:	Shariah pronouncement letter dated 1 October 2020 issued by our Shariah Adviser
SICDA	:	Securities Industry (Central Depositories) Act 1991
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
TIIH Online	:	Tricor's proprietary-owned application to facilitate our Entitled Shareholders in subscribing for the Provisional Allotments and to apply for Excess ICPS electronically
Undertaking Shareholders	:	Our shareholders who/which have provided his/its respective Undertakings, namely: <ul style="list-style-type: none"> (i) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO; (ii) Ms. Sarena Cheah Yean Tih S.M.S; (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

DEFINITIONS (CONT'D)

VWAP	:	Volume-weighted average market price
Warrant holders	:	Our registered holders of Warrants
Warrants	:	Outstanding warrants 2017/2024 issued by our Company on 4 October 2017 constituted under the Deed Poll
Year 4 Anniversary	:	The Market Day immediately preceding the 4 th anniversary of the Issue Date

CURRENCIES:

AED	:	United Arab Emirates dirham
AUD	:	Australian Dollar
GBP	:	Britain Pound sterling
INR	:	Indian Rupee
RM	:	Ringgit Malaysia
SGD	:	Singapore Dollar
USD	:	United States Dollar

PRESENTATION OF INFORMATION

All references to “**our Company**”, “**we**”, “**us**” and “**our**” are to our Company and where the content otherwise requires “**our subsidiaries**” refer to the subsidiaries of our Company. Our “**Group**” collectively refers to our Company and our subsidiaries. All references to “**you**” and “**your**” in this Abridged Prospectus are to our Entitled Shareholders and/or where the content otherwise requires, their transferees and/or their renounees.

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

Any reference in this Abridged Prospectus 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 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 Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise stated.

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 Abridged Prospectus 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 Abridged Prospectus should not be regarded as a representation or warranty that our Company’s and/or our Group’s plans and objectives will be achieved. Such forward-looking statements are only made as at the LPD.

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ADVISERS' DIRECTORY

SOLE PRINCIPAL ADVISER : RHB Investment Bank Berhad
Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : +603 9287 3888

SOLICITORS FOR THE RIGHTS ISSUE OF ICPS : Mah-Kamariyah & Philip Koh
Advocates & Solicitors
3A07, Block B, Phileo Damansara II
15 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7956 8686

SHARE REGISTRAR FOR THE RIGHTS ISSUE OF ICPS Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2783 9299

REPORTING ACCOUNTANTS : BDO PLT
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : +603 2616 2888

SHARIAH ADVISER FOR THE RIGHTS ISSUE OF ICPS : Associate Professor Dr Aznan bin Hasan
Institute of Islamic Banking and Finance
International Islamic University Malaysia
Jalan Gombak
53100 Kuala Lumpur
Tel : +603 6196 4192

Qualifications:

Ph.D. in Islamic Studies from the University of Wales, Lampeter, United Kingdom
Master in Shariah from the Cairo University, Egypt
Bachelor in Shariah (Honours) from the Al-Azhar University, Egypt

Professional experience:

Dr Aznan bin Hasan is a Shariah scholar who has been actively involved with the development of framework and system of Islamic banking, Takaful, Islamic capital market products and instruments, Waqaf, Islamic treasury and money markets and other banking products globally. He is specialised in Islamic commercial law, Islamic banking and finance, Islamic capital market, Islamic insurance (Takaful), Islamic asset management, Islamic law of Zakat, Islamic legal maxims and Islamic legal theory.

Dr Aznan bin Hasan is currently the President of the Association of Shariah Advisors in Islamic Finance, the Deputy Chairman of the Shariah Advisory Council of the SC and the Deputy Chairman of the Shariah Advisory Committee of the Employee Provident Fund. He also serves as the Chairman of the Shariah Committee and as a member of the board of directors of Maybank Islamic Berhad.

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE OF ICPS

THIS SUMMARY OF THE RIGHTS ISSUE OF ICPS ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

Key information	Summary		
Basis of allotment	: One ICPS for every five existing Shares held by our Entitled Shareholders. The number of ICPS to be issued under the Minimum Scenario is 612,793,545 ICPS and the Maximum Scenario is 1,112,777,962 ICPS.		
Tenure of the ICPS	: Five years commencing from and inclusive of the Issue Date.		
Issue Price and Conversion Price of the ICPS	: (i) Issue Price: RM1.00 per ICPS (ii) Conversion Price: RM1.00 per Sunway Share Please refer to Section 2.2 of this Abridged Prospectus for further details on the Issue Price and Conversion Price.		
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 Year 4 Anniversary at the Conversion Price; and (ii) the remaining balance of the ICPS shall be mandatorily converted into new Sunway Shares on the Maturity Date at the Conversion Price.		
Minimum Subscription Level and Undertakings	: The Undertaking Shareholders who have provided their Undertakings are as follows:		
	Undertaking Shareholders	Minimum subscription amount pursuant to the Undertakings (RM'000)	No. of ICPS entitled and to be undertaken No. of ICPS
	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	19,993	19,993,042
	Sarena Cheah Yean Tih s.m.s	1,050	1,049,718
	Evan Cheah Yean Shin	839	839,039
	Sungei Way Corporation Sdn. Bhd.	556,499	556,498,699
	Active Equity Sdn. Bhd.	31,310	31,310,000
	Jef-San Enterprise Sdn. Bhd.	3,103	3,103,047
	Total	612,794	612,793,545

Our Company will not procure any underwriting arrangement for the remaining ICPS not subscribed for by other Entitled Shareholders.

Please refer to Section 3 of this Abridged Prospectus for further details on the Minimum Subscription Level and Undertakings.

SUMMARY OF THE RIGHTS ISSUE OF ICPS (CONT'D)

Key information	Summary					
Utilisation of proceeds	: The gross proceeds to be raised from the Rights Issue of ICPS will be utilised in the following manner:					
	Use of proceeds	Estimated timeframe for utilisation of proceeds from the date of listing of ICPS	Minimum Scenario		Maximum Scenario	
			(RM'mil)	%	(RM'mil)	%
	Repayment of borrowings	Within 12 months	231.9	37.9	732.0	65.8
	Capital expenditure to expand and develop hospitals	Within 36 months	200.0	32.6	200.0	18.0
	Property development and property investment expenditure	Within 36 months	179.2	29.2	179.2	16.1
	Defray estimated expenses for the Corporate Exercises	Immediately	1.6	0.3	1.6	0.1
	Total		612.7	100.0	1,112.8	100.0

Please refer to Section 5 of this Abridged Prospectus for further details on utilisation of proceeds.

- Risk factors** : Before making an investment decision, you should carefully consider, along with the other information contained in this Abridged Prospectus, the following risk factors relating to:
- (i) our businesses and operations, of which we are exposed to, amongst others, penalties arising from failure to comply with laws and regulations, our dependence on contractors / subcontractors, insufficient insurance coverage for our assets, operations and employees, and our exposure to borrowing and financing risks, cost overruns, and overseas business risks;
 - (ii) the industries in which we operate, of which we are dependent on, amongst others, the performance of property market, supply of foreign workers, inherent risks in the healthcare industry and spread or outbreak of COVID-19 or any other contagious or virulent diseases; and
 - (iii) the Rights Issue of ICPS, of which it includes failure or delay in the completion of the Rights Issue of ICPS, capital market risk, potential dilution in shareholding of Entitled Shareholders.

Please refer to Section 6 of this Abridged Prospectus for further details on risk factors.

- Procedures for application and Excess ICPS Application** : Acceptance of and payment for the Provisional Allotments and Excess ICPS Applications must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF or by way of e-Subscription and must conform with the terms and conditions of TIIH Online contained therein.

Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar for the Rights Issue of ICPS so as to arrive not later than 5.00 p.m. on **Thursday, 26 November 2020**, being the Closing Date.

Please refer to Section 10 of this Abridged Prospectus for further details on the procedure for acceptance and payment.

SUNWAY®

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

6 November 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*)
Tan Sri Dato' (Dr.) Chew Chee Kin (*President; Non-Independent Executive Director*)
Sarena Cheah Yean Tih s.m.s (*Executive Director; Non-Independent 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*)
Datuk Tong Poh Keow (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,112,777,962 ICPS AT AN ISSUE PRICE OF RM1.00 PER ICPS ON THE BASIS OF ONE ICPS FOR EVERY FIVE EXISTING SHARES HELD BY OUR ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 6 NOVEMBER 2020

1. INTRODUCTION

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

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

- (i) the 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 Conversion Shares;
 - (c) up to 67,495,505 additional Warrants to be issued pursuant to the adjustment arising from the Rights Issue of ICPS; and
 - (d) up to 67,495,505 new Shares to be issued pursuant to the exercise of the additional Warrants.

The approval of Bursa Securities for the above is subject to, amongst others, the following conditions:

Conditions	Status of compliance
(i) our Company and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS;	Noted
(ii) our Company and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue of ICPS;	To be complied
(iii) 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 Rights Issue of ICPS is completed; and	To be complied
(iv) 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 ICPS as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

On 2 September 2020, our shareholders had approved the Corporate Exercises at our EGM.

On 9 September 2020, RHB Investment Bank, had on behalf of our Board, announced that RHB Investment Bank had on even date submitted an application to the SC for the ICPS to be endorsed as Shariah compliant by the Shariah Advisory Council of the SC. On 2 October 2020, RHB Investment Bank had, on behalf of our Board, announced that the Shariah Advisory Council of the SC had, vide its letter dated 2 October 2020, informed that it has no objection to the ICPS being Shariah compliant. Please refer to Appendix IV of this Abridged Prospectus for the Shariah Pronouncement Letter.

On 22 October 2020, RHB Investment Bank had, on behalf of our Board, announced that:

- (i) our Board had resolved to fix the Conversion Price at RM1.00 per Sunway Share, being 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 21 October 2020, being the last trading date immediately before the price fixing date, of RM1.37 per Sunway Share; and
- (ii) the Entitlement Date for the Rights Issue of ICPS has been fixed at 5.00 p.m. on 6 November 2020.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by RHB Investment Bank or our Company in connection with the Rights Issue of ICPS.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE OF ICPS

2.1 Details of the Rights Issue of ICPS

The 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 tenure of the ICPS is five years commencing from and inclusive of the Issue Date. 50% of the ICPS shall be mandatorily converted into new Sunway Shares on the Year 4 Anniversary at the Conversion Price while the remaining balance of the ICPS shall be mandatorily converted into new Sunway Shares on the Maturity Date at the Conversion Price, both of which shall not be convertible at the option of ICPS holders. Please refer to Appendix II of this Abridged Prospectus for the salient terms of the ICPS.

The Rights Issue of ICPS will be undertaken on the Minimum Subscription Level basis to raise a minimum of RM612.7 million to fund our Group's proposed utilisation as set out in Section 5 of this Abridged Prospectus.

The Rights Issue of ICPS is renounceable in full or in part. Accordingly, our Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue of ICPS.

Any ICPS which are not taken up or not validly taken up by our Entitled Shareholders and/or their transferees and/or their renounees before the Closing Date shall be made available for Excess ICPS Application in the manner set out in Section 10.4 of this Abridged Prospectus.

Any fractional entitlements under the 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.

As at the LPD, save for the Warrants, our Company does not have any other outstanding convertible securities. Based on the outstanding 629,958,045 Warrants and the existing exercise price of the Warrants of RM1.65 per Sunway Share as at the LPD, and the Conversion Price of RM1.00 per Sunway Share, the exercise price of the Warrants will be adjusted downward to RM1.56 per Sunway Share and 39,597,363 additional Warrants which are exercisable into 39,597,363 new Sunway Shares will be issued pursuant to adjustments to be made arising from the Rights Issue of ICPS. Please refer to Section 8.6 of this Abridged Prospectus for information on the adjustments to the Warrants arising from the Rights Issue of ICPS.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Allotment into your CDS Account, and the RSF to enable you to subscribe for such Provisional Allotments as well as to apply for the Excess ICPS if you choose to do so. However, only our Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors will receive this Abridged Prospectus, together with the NPA and RSF. Further, an electronic notification on the Rights Issue of ICPS will also be sent to all Registered Entitled Shareholders on the date of despatch of the NPA and RSF.

Any dealings in our Company's securities will be subject to, amongst others, the provisions of SICDA, Rules of Bursa Depository and any other relevant legislation. Accordingly, the ICPS will be credited directly into the respective CDS Accounts of successful applicants. No physical certificates will be issued to the successful applicants of the ICPS.

Notices of allotment will be despatched to the successful applicants of the ICPS within eight Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

The ICPS will be admitted to the Official List and the listing and quotation of these securities will commence two Market Days upon the receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants are ready to be credited with the ICPS.

2.2 Basis of 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 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 made on 27 May 2020, of RM1.56 per Sunway Share;
- (c) the funding requirements of our Group as set out in Section 5 of this Abridged Prospectus; and
- (d) the rationale for the Rights Issue of ICPS as set out in Section 4 of this Abridged Prospectus.

(ii) Conversion Price

The Conversion Price has been fixed at RM1.00 per Sunway Share on 22 October 2020, being the lower of:

- (a) RM1.00 per Sunway Share; and
- (b) RM1.10 per Sunway Share, being an amount equivalent to approximately 20% discount to the five-day VWAP of Sunway Shares up to and including 21 October 2020, being the date immediately before the price-fixing date of 22 October 2020 of RM1.37 per Sunway Share.

The Conversion Price has been fixed after taking into consideration, amongst others, prevailing market conditions and market price of Sunway Shares and the resultant TERP of Sunway Shares.

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

- (i) 27.5% to the five-day VWAP of Sunway Shares up to and including the LPD of RM1.38 per Sunway Share; and
- (ii) 24.8% to the TERP of RM1.33 per Sunway Share, calculated based on the closing market price of Sunway Shares as at the LPD of RM1.40 per Sunway Share.

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 transferees and/or their renounees to subscribe for their entitlements, and further increase their equity participation in our Company pursuant to the conversion of the ICPS.

2.3 Ranking of the ICPS and Conversion Shares

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:

- (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 in the salient terms of the ICPS. Please refer to "Ranking of the ICPS and liquidation preference" in Appendix II of this Abridged Prospectus for further information.

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.

3. MINIMUM SUBSCRIPTION LEVEL AND UNDERTAKINGS

The 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 5 of this Abridged Prospectus.

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

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 are based on, their respective undertakings under the Rights Issue of ICPS under the Minimum Scenario are as follows:

Undertaking Shareholders	Direct shareholdings as at 30 June 2020		No. of ICPS entitled and to be undertaken under the Minimum Scenario		Minimum subscription amount pursuant to Undertakings
	No. of shares	% ⁽¹⁾	No. of ICPS	%	(RM'000)
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 s.m.s	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.

As at the LPD, the shareholdings of the Undertaking Shareholders based on our Record of Depositors are as follows:

Undertaking Shareholders	Direct shareholdings as at the LPD	
	No. of shares	% ⁽¹⁾
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	115,206,913	2.35
Sarena Cheah Yean Tih s.m.s	5,248,592	0.11
Evan Cheah Yean Shin	4,195,196	0.09
Sungei Way Corporation Sdn. Bhd.	2,782,493,495	56.82
Active Equity Sdn. Bhd.	156,550,000	3.20
Jef-San Enterprise Sdn. Bhd.	15,515,237	0.32
Total	3,079,209,433	62.89

Note:

- (1) Based on the number of Shares in issue of 4,896,622,902 Shares (excluding treasury shares) as at the LPD.

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 Listing Requirements; and
- (ii) the Undertaking Shareholders' subscription for the ICPS pursuant to the Undertakings, after taking into consideration the mandatory conversion of the ICPS into new Sunway Shares on the Year 4 Anniversary and the Maturity Date, are not expected to trigger any mandatory offer obligations under the 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 499,984,417 ICPS representing approximately 44.9% of the total ICPS to be issued under the Maximum Scenario which are not subscribed for by other Entitled Shareholders under the Rights Issue of ICPS.

If the Minimum Subscription Level is not achieved by reason of the failure to fulfil the obligations under the Undertakings by any of the Undertaking Shareholders or for any other reason, our Company will not proceed with the implementation of the Rights Issue of ICPS. All subscription monies received pursuant to the Rights Issue of ICPS will be returned without interests as soon as practicable to our Entitled Shareholders and/or their transferees and/or their renounees who have subscribed for their entitlements. Please refer to Section 6.3.1 of this Abridged Prospectus for information on the risks relating to the failure or delay in the completion of the Rights Issue of ICPS.

4. RATIONALE FOR THE RIGHTS ISSUE OF ICPS

The Rights Issue of ICPS will enable our Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various funding options available to our Company, our Board is of the opinion that the 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 indicative 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. Please refer to Section 6.3.4 of this Abridged Prospectus for further details on our Company's ability to pay Preferential Dividends;
- (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 as funds are raised from the issuance of the ICPS, which in turn increases our shareholders' funds.

5. UTILISATION OF PROCEEDS

The gross proceeds to be raised from the 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 from the date of listing of the ICPS	Minimum Scenario		Maximum Scenario	
			(RM'mil)	%	(RM'mil)	%
Repayment of borrowings	(i)	Within 12 months	231.9	37.9	732.0	65.8
Capital expenditure to expand and develop hospitals	(ii)	Within 36 months	200.0	32.6	200.0	18.0
Property development and property investment expenditure	(iii)	Within 36 months	179.2	29.2	179.2	16.1
Defray estimated expenses for the Corporate Exercises	(iv)	Immediately	1.6	0.3	1.6	0.1
Total			612.7	100.0	1,112.8	100.0

Notes:

(i) Repayment of borrowings

We intend to use part of the proceeds to partially/fully 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. The specific purposes to which such borrowings were utilised may not be ascertained as our Group relies on our corporate treasury function to, amongst others, manage our working capital cycle and ensure liquidity across our various businesses through a centralised system, ensuring our funds are efficiently deployed across our various businesses as and when the need arises.

As at the LCD, our Group's total outstanding borrowings stood at approximately RM9.3 billion, of which we intend to repay the following borrowings of our Group:

Types of borrowings	Interest rate per annum ⁽¹⁾	Maturity date ⁽¹⁾	Limit as at LCD	Amount to be repaid as at LCD
	(%)		(RM'mil)	(RM'mil)
Term loan 1	2.27	December 2020	104.8	88.2
Term loan 2	3.16	December 2020	87.3	87.3
Commercial papers ⁽²⁾	2.30 – 2.50	December 2020 – January 2021	10,000.0	556.7
Total			10,192.1	732.2

Notes:

- (1) The interest rate and maturity date of the term loans and commercial papers are based on the information as at the LPD as some of these borrowings have been rolled-over since the LCD.
- (2) The identified commercial papers are issued in various tranches with different interest rates and maturity dates. After the LPD, we may also issue new tranches of commercial papers and/or roll-over the existing tranches of commercial papers at differing interest rates and maturity dates. In addition, we may utilise these commercial papers again upon our redemption of any outstanding commercial papers. Hence, the tranches of the commercial papers that will be redeemed with the proceeds of the Rights Issue of ICPS will comprise both existing and new tranches of commercial papers and/or roll-overs of existing tranches of commercial papers with differing interest rates and maturity dates (collectively, the "**Identified Commercial Papers**"). In this regard, the commercial papers to be redeemed with the proceeds in the future may be different from those identified to be redeemed as at the LPD.

Please refer to Section 9.2 of this Abridged Prospectus for the total outstanding commercial papers of our Group as at LCD.

We will utilise the proceeds raised to first repay Term loan 1 and Term loan 2, and thereafter utilise the balance of the amount earmarked for repayment of borrowings towards the redemption of Identified Commercial Papers.

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.

Further, the proposed repayment is expected to result in interest savings of approximately RM6.6 million per annum (based on the Minimum Scenario) to approximately RM20.9 million per annum (based on the Maximum Scenario), decrease our gearing level as well as strengthen our capital base.

(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 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 Rights Issue of ICPS would be allocated instead to reimburse our Company or to repay the borrowings taken.

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	767.7
2.	Sunway Medical Centre Seberang Jaya, Penang	762,235 square feet	June 2018	1 st half of 2022	365.9	282.8
					1,343.4	1,050.5

Note:

(1) Based on the estimated outstanding cost as at the 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 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 Rights Issue of ICPS would be allocated instead to reimburse our Company or to repay the borrowings taken.

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	109.1
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	366.5	234.5
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	626.9	307.8
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	648.9	410.4
5.	Sunway Monash-U Residence, Selangor	A 20-storey and an 8-storey blocks of student hostels	October 2017	Completed	229.5	61.4
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	152.9
					2,361.5	1,276.1

Note:

(1) Based on the estimated outstanding cost as at the 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, 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 Corporate Exercises

We intend to use part of the proceeds to defray expenses relating to the Corporate Exercises which consist of the following:

No.	Estimated expenses	(RM'000)
1.	Professional fees ⁽¹⁾	1,198
2.	Fees to relevant authorities ⁽²⁾	286
3.	Printing and despatch costs	85
4.	Miscellaneous charges ⁽³⁾	31
	Total	1,600

Notes:

- (1) Comprising fees payable to our Sole Principal Adviser, Solicitors for the Rights Issue of ICPS, and other professionals.
- (2) Comprising fees payable to Bursa Securities, SC and the Registrar of Companies.
- (3) Comprising expenses to convene the EGM, advertisement costs and other ancillary expenses.

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 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 ICPS holders based on the Conversion Price.

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

6. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS ALONG WITH THE OTHER INFORMATION CONTAINED IN THIS ABRIDGED PROSPECTUS BEFORE SUBSCRIBING FOR OR INVESTING IN THE RIGHTS ISSUE OF ICPS.

We have a diversified portfolio of businesses across various countries that include Malaysia, Singapore and China. Our Group's income is mainly contributed by our Malaysian operations of property development and property investment, construction, and healthcare. Hence, our businesses and financial performance are mainly subject to the risk of those Malaysian operations and related industries.

6.1 Risks relating to our businesses and operations

We have set out in Section 6.1.1 of this Abridged Prospectus the general risks which are applicable across our various Malaysian operations. Please refer to Sections 6.1.2 to 6.1.4 for specific risks which we face in our Malaysian operations of property development and property investment, construction, and healthcare businesses respectively.

6.1.1 General risks relating to our various Malaysian operations

(i) **Failure to comply with laws and regulations relating to environment, health and safety, and housing development may result in penalties**

All our construction activities, quarries and building materials factories generate dust, waste and noise pollution. We are required to comply with various environmental laws and regulations relating to water, air and noise pollution and the disposal of waste materials. Our failure to comply with such environmental laws and regulations may result in penalties and in serious cases, closure of our construction sites, quarries and building materials factories which in turn may adversely affect our operating profits.

Further, our healthcare facilities may utilise, certain materials, processes or installations which are regulated pursuant to environmental laws and regulations. Our healthcare business may therefore be liable for fines and damages for any breaches in these laws and regulations, and any consequential injuries to persons or damages to the environment and surroundings.

Our operating expenses could also be higher than anticipated due to the cost of complying with existing and future environmental, health and safety laws, and regulations. Further, some of our operations may be affected by changes in environmental, health and safety laws, and regulations where compliance with these new laws and regulations may entail significant expenses to us. There can be no assurance that liabilities arising from the non-compliance of the relevant environmental, health and safety laws and regulations will not exist in the future, or that any of such liabilities will not be material to our businesses.

Our housing development projects are subject to laws and regulations that govern the housing development industry in Malaysia such as the Housing Development (Control and Licensing) Act 1966 ("**HDA**"). Accordingly, we are exposed to the effect of changes in laws or regulations governing the housing development industry as well as changes or developments in the interpretation or treatment of such laws and regulations.

For example, the Federal Court has in a recent decision held that Regulation 11(3) of Housing Development (Control and Licensing) Regulations 1989 which confers power on the Housing Controller to waive or modify the terms and conditions of contracts of sale is in excess of the powers permitted under the HDA. Hence, the Housing Controller can no longer grant extensions of time (constituting modifications of the terms and conditions of contracts of sale) to developers who are unable to construct or complete their projects on time and such power may only be exercised by the Minister of Urban Wellbeing, Housing and Local Government. Such change in the manner of interpretation or treatment of an existing law is an example of a situation in which we could potentially become exposed to liabilities for liquidated damages for failure to deliver vacant possession within the timeframe prescribed under the HDA, in relation to projects for which we have sought and obtained extensions of time granted by the Housing Controller before signing of sale and purchase agreements with purchasers.

However, as at the LPD, there has not been any non-compliance of applicable laws and regulations relating to environment, health and safety and housing development that have had material adverse impact on our Group's operations and financial performance.

(ii) We are dependent on third-party contractors / subcontractors

Our property development and construction businesses are substantially dependent on the support of third-party contractors / subcontractors to ensure satisfactory performance in fulfilling the quality level expected by our Group. Our contractors and subcontractors may also experience financial and/or other difficulties which may affect their ability to carry out the contracted work, leading to possible delays in completion of projects as well as cost overruns. Any non-performance or unsatisfactory performance of our appointed contractors / subcontractors and their inability to supply sufficient labour, whether skilled or unskilled, and quality building materials will inevitably disrupt the progress and/or quality of our operations and will have an adverse effect on our financial performance.

We cannot assure you that our Group's financial performance will not be adversely affected if our third-party contractors / subcontractors fail to provide the agreed contracted services in a timely, reliable and satisfactory manner. However, we have not experienced any past instances where any delay or non-performance by our third-party contractors / subcontractors have had a material adverse impact on our Group's financial performance.

(iii) Insurance coverage may not be sufficient to cover the risks related to our assets, operations and employees

We have taken the necessary measures to ensure that all our assets and the relevant operational risks of our Group are adequately covered by insurance in accordance with standard industry practice. The insurance policies taken by us include coverage for public liability, professional indemnity, medical malpractice, contractors' or erection all risks, buildings, construction projects, machinery and equipment, life, hospitalisation, personal accidents and workers compensation.

There can be no assurance that the coverage would be adequate for the replacement cost of the assets or any liabilities/consequential losses arising thereof, where in such instances of inadequate coverage by our insurance policies may have an adverse impact on our Group's financial condition or results of operations. As at the LPD, we have not experienced any inadequate coverage by our insurance policies which have resulted in a material adverse effect on our profitability.

(iv) We are exposed to borrowing and financing risks

Our net borrowings as at 30 June 2020 amounted to approximately RM4.56 billion, all of which are interest-bearing. As such, any additional borrowings and/or increase in interest rates, which is beyond our control, may result in an increase in interest expense, which may affect our profitability. There can be no assurance that the current low interest rates will be maintained in the future and/or any increase in our borrowings will not have any material adverse effect on our financial performance. Notwithstanding the above, our Group has not experienced any increase in interest rates which has had a material adverse impact on our cash flows and financial performance in the past.

Further, our credit facilities may also be subject to periodic review by financial institutions from which we obtain financing, and contain certain covenants which may limit our operating and financing flexibility. Any breach of such covenants may result in the relevant financial institutions to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. Whilst we may endeavour to constantly monitor compliance with all covenants, there can be no assurance that our performance will not be adversely affected should we breach any such covenants under any of our existing facility agreements. However, we have not been materially and adversely affected by any breach of financial covenants which resulted in the termination of the relevant credit facilities and/or had any security granted in relation to our credit facilities being enforced in the past.

(v) We are exposed to cost overruns

Our Group carries out internal cost and budgeting estimates of our Group's financials which include, contract costs, capital expenditure forecasts, and overheads based on the indicative pricing given by our Group's suppliers and subcontractors, as well as our Group's own estimates of costs for our property development and construction projects.

Actual costs incurred by our Group may be higher than our cost and budgeting estimates arising from unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite or fluctuations in raw material prices and contractors' / subcontractors' services, and additional costs which were not previously factored into the costing. In such instances, our financial performance may be adversely affected. As at the LPD, we have not experienced any cost overruns which have resulted in a material adverse effect on our profitability.

(vi) We are exposed to overseas business risks

We are exposed to risks arising from our overseas business ventures given the different business operating conditions and regulatory environments in other countries such as, among others, their general economy, political stability, legal and tax legislation, credit environment and foreign exchange rules. If we fail to fully understand the local environment of our overseas venture, it may cause us to make decisions which may lead to a negative outcome. Further, our foreign investments and businesses give rise to foreign exchange exposures. Any unfavourable fluctuations in the foreign exchange rate may have a material and adverse effect on our financial performance. As at the LPD, we have not experienced any material realised losses arising from unfavourable fluctuations in foreign currencies which have had a material adverse effect on our Group's profitability.

In the past, our operations overseas had experienced operational losses. For example, our Group had recorded a loss before tax in foreign countries such as Singapore and India during the FYE 31 December 2019 and 6-month FPE 30 June 2020. However, such losses did not adversely impact our Group's historical financial performance as the contributions from our operations overseas are relatively small when compared with our Malaysian operations, which were sufficient to set-off these losses.

Further, we have entered into strategic collaborations/partnerships with third parties in our overseas ventures. As with all collaborations/partnerships, significant deteriorations in our relationship with our partners may potentially result in the termination of such arrangements. No assurance can be given that our collaboration/partnership overseas can or will be sustained in the long term. In addition, our ability to enter into a collaboration/partnership with a suitable partner for our future overseas ventures (when the need arises) may affect our Group's penetration into the overseas markets and ability to build a reputation for ourselves overseas. Hence, failure to maintain and/or secure strategic partners in our overseas ventures may affect our operations and profitability adversely.

We are currently involved in an arbitration arising from our construction operations in India whereby there is a claim by Shristi Infrastructure Development Corporation Ltd (our contractor) against Sunway Construction Sdn Bhd for a claim of INR89,14,55,047.83 (equivalent to RM50.55 million, based on Bank Negara Malaysia's exchange rate of INR1:RM0.0567 as at the LPD). If we are unsuccessful in this arbitration, it will not have a material adverse impact on our profitability as we have provided for the full amount of the arbitral award. Please refer to Section 8, Appendix I of this Abridged Prospectus for further details on the aforementioned arbitration.

6.1.2 Risks relating to our property development and property investment businesses

(i) Availability of commercially viable landbank for development

Our property development and property investment businesses rely to a large extent on our ability to identify and acquire suitable and sizeable landbank at strategic locations with development potential to deliver sustainable growth and profitability. As at the LCD, our property development and property investment businesses have access to a landbank of approximately 3,338 acres with a total GDV of approximately RM57.1 billion for our on-going and future development projects. However, we face competition from other industry players in identifying and acquiring strategically located landbank at commercially viable prices. The competition among industry players has, to a certain extent, caused lack of availability of strategically located land which may also result in higher land acquisition cost, potentially affecting our profitability and prospects.

There can be no assurance that we will be able to continuously identify new landbank on commercially viable prices and on suitable terms to increase our landbank. Further, in the face of competition, it would also be more challenging to jointly develop land with land owners on commercially viable profit-sharing terms and with good development potential which in turn may have an adverse effect on our Group's earnings.

(ii) Delay or non-completion of property development projects

The performance of our property development business is dependent on the timely completion of our property development projects. However, delays in completion could result from delays in obtaining the necessary approvals, shortage of construction materials, site accidents, unfavourable change in regulatory environment and framework, and unsatisfactory performance of contractors appointed to complete the projects.

Any prolonged delay in completing or non-completion of the property development projects within the timeframe agreed with customers may expose our Group to additional cost and potential claims which may impact our Group's financial performance. Such delays may also affect our Group's reputation and ability to attract buyers in the future. However, as at the LPD, we have not faced any incidences of delay in the progress of any of our projects which had a material adverse impact on our Group's financial performance.

(iii) Dependence on ability of our tenants / lessees to pay rental

Our property investment business derives income mainly from renting of our properties. Such income is dependent on the ability of our tenants / lessees to make rental payments in a timely manner. As such, the financial condition and results of operations of our property investment business may be adversely affected by economic challenges of the tenants / lessees and the bankruptcy, insolvency or downturn in the business of the tenants / lessees. There can be no assurance that the tenants / lessees will have sufficient income from their respective businesses to enable them to satisfy their obligations under the respective tenancy / lease agreements. For example, our income from the retail properties had been adversely impacted with the implementation of the MCO. Please refer to Section 7.6 of this Abridged Prospectus for further details on the impact of the COVID-19 pandemic on our property investment business.

Furthermore, if our tenants/lessees terminate or default on their respective tenancy / lease agreements or they do not renew it upon expiry, the financial performance of our property investment business may be adversely affected. In addition, the amount of rent and the terms on which the new tenancy / lease agreements are renewed may be less favourable than the current tenancy / lease agreements. There can be no assurance that the replacement of our current tenants / lessees will be on satisfactory terms and/or carried out in a timely manner.

(iv) Defect liability provided to our customers

Our property development business' sale and purchase agreements with customers generally stipulate the statutory defect liability period for properties delivered ranging from 24 months to 30 months from the date of delivery of vacant possession of the completed properties. Hence, our Group is liable for any repairs or rectification of any faults or defects which may surface or be identified during the defect liability period. There is no assurance that we will be able to satisfy all requests to rectify defects raised by purchasers during the defect liability period. We are reliant to a significant extent on the quality of the work carried out by the third party contractors engaged by us and we may in some instances incur significant costs in rectifying any defects raised by purchasers and any failure to expeditiously complete rectification works to the satisfaction of purchasers of our development properties may affect our reputation. Repair, reconstruction or rectification works for which we are liable during the defect liability period may therefore potentially have a material adverse impact on our Group's financial performance.

In addition, under the terms of the sale and purchase agreements that we enter into for our housing developments pursuant to the Housing Development (Control and Housing) Regulations 1989, the payment of the purchase consideration is subject to retention of a sum equivalent to 5% of the purchase price which is released in two equal tranches on the expiry of a period of eight and 24 months after delivery of vacant possession to ensure that we carry out our obligation to make good any defects within the defect liability period. In the event that contractors appointed by us are unable to make good any faults or defects in accordance with the terms of the sale and purchase agreements, purchasers are entitled to carry out works to repair and make good such faults or defects and to recover the costs of repairing and making good the same from the retention sum.

In addition, Section 6A of the Limitation Act 1953 provides that an aggrieved purchaser can bring an action against a developer for latent defects within three years of having knowledge of the latent defect subject to a longstop of 15 years. Thus, we may be liable to pay damages for latent defects where the purchasers succeed in their claims. As at the LPD, we have not faced any incidences of material defect liability claims in any of our projects which have had a material adverse impact on our Group's financial performance.

(v) Compulsory acquisition by state government

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the Land Acquisition Act 1960 for certain purposes where the compensation to be awarded is based on the fair market value of that property assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws.

If there is a compulsory acquisition by the Government, the amount of such compensation awarded may be less than the open market value of the property and may be less than the purchase consideration of the property that was paid by our Group, which in turn could impair our Group's financial performance and results of operations.

As at the LPD, we have not received any notice of acquisition or notice of intended acquisition in relation to our properties which have had a material adverse impact on our Group's financial performance.

6.1.3 Risks relating to our construction business

(i) Delay in completion of construction projects

The time frame to complete our construction projects is in accordance with the terms in our contracts. However, the completion of our projects may be affected by many external factors. These include the timely receipt and renewal of requisite licenses, permits and approvals, availability of construction materials and labour, and the quality of work delivered by our subcontractors.

Any prolonged delay in the above factors could subsequently lead to project cost overrun, premature termination of our contract or the postponement of or scaling down of the project by our customers. Project delays may affect our profitability, delay the recognition of revenue, incur additional costs and/or result in our customers imposing LAD on us, all of which could adversely affect our Group's financial performance. As at the LPD, we have not experienced any incidences of material delay in our construction projects which have had a material adverse impact on our Group's financial performance.

(ii) Defects in our construction work

Our contracts with our customers generally allow our customers to retain a sum of our progress billing as retention sum of the total contract sum awarded. This retention sum serves as a security to our customers to guarantee our performance in completing the projects and rectifying any defects during the defect liability period. Upon the issuance of the Certificate of Practical Completion, half of the retention sum is released to us while the remaining half is retained by our customers and will only be released to us, if unused, at the end of the contracted defects liability period and upon the issuance of the Certificate of Making Good Defects.

If we are required to rectify any defects which occur during the defects liability period which ranges from 12 to 60 months from the date the Certificate of Practical Completion is issued to us, we will have to do so at our own costs. If we fail to rectify the defects satisfactorily, our customer may utilise the portion of the retention sum retained by them to rectify those defects. In such cases, we may not be able to recover the whole of the retention sum from our customers and this, together with any further payments required to be made by us to our customer could adversely impact our financial results. We have not experienced any failure in recovering retention sums from our customers in the past up to the LPD which have had a material adverse impact on our Group's financial performance.

(iii) Availability and fluctuations in prices of raw materials

Due to the nature of our business, we are constantly required to purchase a wide range of raw materials, which include steel bars, ready mixed concrete, diesel, electrical cables and fittings, from our suppliers. Their supply to us is in turn subject to the availability of the construction materials in the market. The unavailability of certain construction materials may require us to source for replacements. If we are unable to obtain the replacements in a timely manner, it may lead to delay in our construction works and eventually our business operations may be affected. Hence, we cannot assure you that our Group can obtain sufficient quantities of construction materials for our projects at competitive prices at all times without any adverse impact to our financial performance.

Further, construction raw materials are subject to price fluctuations which are beyond our control and may result in increased costs that have a material adverse effect on our Group's financial performance.

Notwithstanding the above, we have not experienced any fluctuations in prices or shortages of construction materials in the past up to the LPD which have had a material adverse impact on our Group's financial performance.

6.1.4 Risks relating to our healthcare business

(i) Medical and legal claims, regulatory actions and professional liability

As a provider of healthcare services, we face the risk of exposure to malpractice, medical or negligence claims on account of alleged misconduct or deficiencies in the services provided by us. These claims may be brought against us or any of our doctors by way of legal proceedings or in certain events through lodging of formal complaints with the relevant regulatory bodies, such as the Ministry of Health, Malaysia ("MOH"). In any of these cases, we may be required to pay monetary compensation or damages. Doctors may also be subjected to disciplinary action that may eventually lead to suspension or revocation of license to practice.

Notwithstanding the insurance coverage or indemnity arrangements that we have in place, we are not able to assure you that such insurance coverage or indemnity arrangements will be sufficient to cover every eventuality, potential liabilities (including but not limited to losses or damages which we may incur in the course of our business operations) and risks that we face. Further, any assertion of malpractice or medical negligence claims on account of alleged misconduct or deficiencies or our involvement in legal proceedings is likely to affect our reputation and brand equity and reduce customers' confidence in our healthcare services, which may result in loss of patients, reduced patronage to our outlets and decreased revenue. This will in turn materially and adversely affect our operating results and business and financial prospects and condition. As at the LPD, there has been no compensation or damages claimed against us of which our insurance coverage was insufficient. Further, none of our doctors have had disciplinary actions taken against them which have had a material adverse impact on our Group's operations and financial performance.

(ii) Reliance on certain approvals, licences, permits and certificates

Our healthcare businesses are regulated by a wide range of Acts of Parliament, including but not limited to the Private Healthcare Facilities & Services Act 1998, the Medical Act 1971, Dental Act 1971, Allied Health Professions Act 2016 and Nurses Act 1950. Further, Malaysian government bodies such as the MOH also oversees the establishment of private healthcare centres, hence our operations are reliant on certain approvals, licences, permits and certificates granted by the MOH. Our doctors are required to maintain their registration with the Malaysian Medical Council certification ("**MMC**") in order for them to operate and provide the various medical services in our hospitals and specialist clinics and the validity of some of these approvals, licences, permits and certificates are subject to periodical renewal.

It is mandatory to comply with the relevant restrictions and conditions imposed by the government bodies in order to maintain the approvals, licences, permits and certificates granted by the MOH and registrations of our doctors with the MMC. In the event we are unable to comply, the approvals, licences, permits and certificates required for our operations and business may be revoked, suspended or not renewed. Such revocation, suspension and/or non-renewal of our approvals, licences, permits and certificates will affect our ability to continue our healthcare operations and hence affect and reduce our profitability. As at the LPD, we have not experienced any past instances where we have breached any rules and regulations which have had a material adverse impact on our Group's financial performance.

(iii) Exposure to greenfield project risks through development of new hospitals or expansion of existing hospitals

We may face challenges in managing our healthcare business as we continue to expand our healthcare facilities through development of new hospitals or expansion of existing hospitals. This is as the healthcare industry is capital intensive and it continues to grow more complex due to, amongst others, changes in regulatory requirements, advancement of healthcare technology and entry of various medical treatment alternatives. As such, the expansion of our healthcare business requires early involvement of subject matter experts to formulate a detailed plan with an in-depth understanding of the market demand.

Further, the expansion of our healthcare business through greenfield facilities is subject to us being able to successfully integrate our greenfield facilities with our existing business functions, systems, personnel and network of hospitals. There is also a risk in diversion of our management's and of doctors' prioritised attention from our existing facilities' operations in order to ensure a successful integration of our greenfield facilities.

There can be no assurance that our Group will be able to fully realise the anticipated synergies arising from the greenfield facilities and that it will not be disruptive to our existing healthcare operations.

(iv) Introduction of drug price control laws

On 2 May 2019, the former Minister of Health of Malaysia, Datuk Seri Dr Haji Dzulkefly bin Ahmad, announced that the Cabinet of Malaysia has approved the proposals to regulate drug prices in Malaysia and the MOH together with the Ministry of Domestic Trade and Consumer Affairs, Malaysia, will work to gazette regulations under the Price Control and Anti-Profiteering Act 2011. The MOH has yet to decide when the drug price control regulations will be gazetted as it intends to further engage the pharmaceutical and healthcare industry to discuss the price control mechanisms. The introduction of any price control on drugs may affect our financial performance.

6.2 Risks relating to the industries in which we operate

6.2.1 Our property development, property investment and construction businesses are dependent on the performance of the property market

The performance of our property development, property investment and construction businesses are dependent on the performance of the property market in Malaysia. The performance of the property market in Malaysia is generally affected by, amongst others, population growth, economic growth, government policies and regulations as well as demographic trends.

Any adverse development affecting the property market may result in adverse impact on the performance of our property development, property investment and construction businesses, which in turn may adversely affect our Group's financial performance.

In year 2020, the property market has been affected by the COVID-19 pandemic and lockdown measures that have in turn affected our businesses. Please refer to Sections 7.2 and 7.6 of this Abridged Prospectus for further details on the industry outlook of the property and construction sector in Malaysia and the impact of the COVID-19 pandemic on our Group.

6.2.2 Property overhang and/or unsold properties

Property overhang is commonly caused by oversupply of properties leading to low take-up rate of newly launched properties. Other factors contributing to property overhang may include economic downturn, tightening of credit and unfavourable market conditions.

A prolonged property overhang situation or an increase in the number of unsold properties in the property market may also be due to other factors such as weak response to property launches, location of the properties and changes in consumer preferences.

In this regard, our Group's properties are susceptible to the risk of not achieving full take-up rate or that it may take a longer time to achieve full take-up rate leading to a longer payback period. There can be no assurance that our Group's projects will be able to achieve a favourable take-up rate or that our Group's property launches will not be affected by property overhang. As at the LCD, our Group (excluding joint-controlled entities and associates) has approximately RM95 million of unsold completed commercial and resident properties.

6.2.3 We are dependent on the supply of foreign workers

We are heavily dependent on the supply of foreign workers at our construction sites which are mainly employed by our subcontractors. Our subcontractors are also subject to the regulations imposed by the Construction Industry Development Board and the Immigration Department of Malaysia in relation to the employment of foreign workers in the construction industry.

As our construction operations are dependent on foreign workers, any scarcity in supply would adversely affect our business. These foreign workers are issued with visit passes (temporary employment) usually for a period of one year, which are subject to annual renewal. We cannot assure you that we and our subcontractors will be able to renew their visit passes (temporary employment) successfully.

Further, if the Government amends the policies and imposes a stricter regime on employers to employ foreign workers for construction projects and we are unable to obtain an adequate supply of foreign workers on similar terms, the quality of our work and our ability to complete our projects in a timely manner may be affected. This may in turn affect our business operations and financial performance adversely. As at the LPD, we have not encountered any issues with obtaining permits, and for supply of foreign workers as well as changes in the relevant government policies on foreign workers which have had a material adverse impact on our Group's operations and financial performance.

6.2.4 We are subject to inherent risks in the healthcare industry

Our healthcare business is subject to certain risks inherent in the healthcare industry. These risks include shortage in supply of medical personnel, changes in demographic patterns, and adverse changes in the legal and environment framework within the industry. The demand for doctors is highly competitive. The supply of specialist doctors and sub-specialist doctors is limited due to the lengthy training period, which can be up to 15 years and even longer for certain medical specialists. The majority of our doctors in Malaysia are independent medical practitioners who have leased office spaces in our hospitals. However, they are not under any obligation to continue to maintain their clinics at our hospitals or to refer their patients for treatment at our facilities.

Our performance also depends on our ability to identify, attract and retain other healthcare professionals, including nurses, physiotherapists, radiographers and pharmacists, to support the multi-specialty and complex treatment practices at our hospitals. In particular, the worldwide nursing shortage may make it difficult for us to attract and retain experienced and good nurses who may choose to pursue better opportunities outside Malaysia. If we are unable to attract or retain doctors or other medical and key support personnel as required, we may not be able to maintain the quality of our services and we could face the possibility of admitting fewer patients to our hospitals, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, patient volumes are subject to economic and seasonal variations caused by a number of factors such as, unemployment levels, number of uninsured and underinsured patients and recruitment, retention and attrition of physicians and other medical staff, including nurses and pharmacists.

In addition, our healthcare business faces the risk of increasing competition from technological and pharmaceutical improvements and the risk that technological advances will render our services obsolete. Further, hospitals generally may also incur initial losses and erratic profit pattern when adopting a new medical or surgical service.

Any failure by us to effectively manage these challenges may have a material adverse effect on our healthcare business, financial condition, results of operations and prospects.

6.2.5 Spread or outbreak of COVID-19 or any other contagious or virulent diseases

The outbreak of COVID-19 virus has spread to many countries globally. This has resulted in an adverse impact to the performance of the global economy including Malaysia. In Malaysia, the Government implemented the MCO which took effect from 18 March 2020. During the MCO period, all government and private premises except those involved in essential services are required to be closed and to cease operations during the period that the MCO takes effect unless exempted. This was followed by the CMCO which took effect from 4 May 2020 which allowed selected business sectors to resume operations and RMCO from 10 June 2020 to 31 August 2020 which was subsequently extended to 31 December 2020. On 12 October 2020, the Government had announced to enforce the Klang Valley CMCO which, amongst others, restricts movements across districts and the closure of schools, public parks, recreational centres and entertainment centres in Selangor, Kuala Lumpur and Putrajaya.

Upon the implementation of MCO, we had to temporarily suspend most of our operations (except for our operations involved in providing essential services) which include closure of our Group's property sales galleries, suspension of our on-going development projects, closure of our retail properties, and suspension of our construction operations. The financial impact to our Group mainly arose from our diminished sources of income as most of our business operations were suspended whilst our fixed overhead costs which include salary, security personnel expenses, and rental expenses continued to be incurred.

Please see Section 7.6 of this Abridged Prospectus for further details on the impact of COVID-19 pandemic on the business operations of our Group.

In line with directives issued by the Government, our Group has implemented various procedures in our business conduct to reduce the risks of spread and safeguard our employees and customers. However, there can be no assurance that the outbreak of COVID-19 can be effectively controlled or other pandemics will not happen in the future. Other outbreak or pandemics may materialise in the future and could persist for a substantial period, and this may materially and adversely affect our business operations and financial performance.

6.2.6 We are exposed to competition risk

There is intense competition among property developers to amongst others, identify and purchase strategically located and reasonably priced landbank, engaging reliable contractors and purchasing sufficient and reasonably priced building materials. The success of a property development or investment project is based on a number of factors, which include but are not limited to, location, pricing, accessibility, infrastructure and amenities, quality of development and the reliability and reputation of the property developer. Failure by our Group to price our products competitively and offer a property which meets or exceeds the expectations of prospective customers (for a given price range) may have a bearing on our ability to sell such property.

Our construction, quarry and building materials businesses face competition from other listed and non-listed companies operating in the same businesses. Intense competition may result in highly competitive pricing in securing a contract, which may subsequently affect our financial performance. No assurance can be given that we will be able to compete effectively with current and new entrants into the construction, quarry and building materials business in the future.

Our healthcare business faces stiff competition from other private healthcare providers (both local and abroad), including other private hospital groups, individual medical centres, ambulatory care centres, specialist centres and hospitals. With an over-concentration of hospitals in certain locations particularly in Kuala Lumpur, Selangor and Penang, we face intense competition for consultants, nurses and patients. There can be no assurance that we will be able to attract or retain our consultants, nurses and patients given the increasing number of healthcare providers in the market. If we are unable to differentiate ourselves from our competitors, there is no assurance that competition will not intensify such that it materially and adversely affects our financial performance in the future.

The success of our leisure and hospitality business depends on our ability to compete in providing the best room rates and quality accommodation, services and amenities including a wide range of theme park rides and entertainment. If we fail to provide or reflect our accommodations and amenities to meet the ever increasing expectation of our customers, it may lead to reduced revenue and affect our profitability.

Our trading and manufacturing businesses are required to maintain certain stock levels as part of our operations. If we are not competitive, demand of our stocked items may decline resulting in an inventory build-up which will affect our cash flow and profitability due to associated logistics and warehousing costs. Although, we have established our presence in other countries outside Malaysia and have a diverse distribution channel comprising dealers, factories, distributors and directly to end users, there is no assurance that our business model employed will be successful or continue to be successful.

6.2.7 Political, economic, and regulatory risks in Malaysia and the occurrence of force majeure events

As our Group's sources of income is mainly derived from Malaysia, any adverse developments or uncertainties in political, economic or regulatory conditions in Malaysia, as well as occurrence of force majeure events, such as terrorist acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters whether globally or in Malaysia could unfavourably affect our financial and business prospects. The political, economic and regulatory risks which may affect us include unfavourable changes in inflation rates, foreign exchange rates, expropriations, adverse changes in political leadership, and unfavourable changes in government policies or regulations.

The occurrence of any of these events is beyond our control and may have an adverse impact on the demand of our Group's services or cause interruptions and delays in the performance of our property and construction projects. As a result, our business operations and financial performance will be adversely affected and we cannot assure you that we will be able to record profits or recover the damages caused by these events.

As at the LPD, we have not experienced any political, economic and regulatory changes or any force majeure events which have had a material adverse impact on our business operations and financial performance save for the COVID-19 pandemic. Please refer to Section 7.6 of this Abridged Prospectus for further details relating to the impact of the COVID-19 pandemic to our Group's businesses.

6.3 Risks relating to the Rights Issue of ICPS

6.3.1 Failure or delay in the completion of the Rights Issue of ICPS

The Rights Issue of ICPS is exposed to the risk that it may be terminated or delayed due to, amongst others, the occurrence of the following events:

- (i) if there is a material adverse change of events or circumstances which are beyond the control of our Group and the Sole Principal Adviser, arising before the completion of the Rights Issue of ICPS; and
- (ii) our Company has procured the Undertakings from the Undertaking Shareholders to subscribe in full for their entitlement to meet our Company's minimum funding requirement. The successful implementation of the Rights Issue of ICPS is dependent on the fulfilment by the Undertaking Shareholders of their obligations under the Undertakings.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue of ICPS.

If the ICPS have not been issued and allotted, and the Rights Issue of ICPS is subsequently cancelled or terminated arising from:

- (i) SC issuing a stop order under Section 245(7)(a) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the applications to our ICPS within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by SC; or
- (ii) our Rights Issue of ICPS being aborted, investors will not receive any ICPS, all monies paid in respect of all applications for ICPS will be refunded free of interest.

If the ICPS have been allotted to the successful Entitled Shareholders and/or their transferees and/or their renounees, if applicable, and the Rights Issue of ICPS is subsequently cancelled or terminated arising from:

- (i) the SC issuing a stop order under Section 245(7)(b) of the CMSA, the issuance of our ICPS shall be deemed void and all monies received from the applications of the ICPS shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by SC; or
- (ii) our Rights Issue of ICPS is aborted other than pursuant to a stop order issued by the SC pursuant to Section 245 of the CMSA, a return of monies to the successful applicants of ICPS can only be achieved by way of cancellation of share capital under the Act and its related rules. Such cancellation can be implemented by either (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Board.

6.3.2 Capital market risk

The market prices of our Shares, ICPS and Warrants like all listed securities traded on Bursa Securities, are subject to fluctuation. The respective prices of our Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industries in which our Company operates in.

In view of the foregoing, there can be no assurance that our Shares will trade at or above the TERP disclosed in Section 2.2 of this Abridged Prospectus after the completion of the Rights Issue of ICPS, that the ICPS will trade at or above the Issue Price, or that the Warrants will trade at or in the money.

6.3.3 Potential dilution in shareholding

Entitled Shareholders who do not and are not able to accept their Provisional Allotment will have their proportionate ownership and voting interest in our Company reduced, and the percentage of our enlarged number of issued shares represented by their shareholdings in our Company will also be reduced accordingly upon the mandatory conversion of the ICPS into new Shares in the Year 4 Anniversary and Maturity Date.

6.3.4 Our ability to pay Preferential Dividends

Our ability to declare Preferential Dividends to our ICPS holders will depend on, among others, our future financial performance, distributable reserves and cash flows. This, in turn, is dependent on among others, market demand, our operating results, and capital requirements of our Group. For the FYEs 31 December 2017 to 2019, we have declared dividends ranging from RM0.06 per Sunway Share to RM0.09 per Sunway Share which represents a dividend payout ratio of 46.0% to 62.0% (computed based on dividend per share divided by basic earnings per share), and have not declared dividend for the FPE 31 March 2020 and FPE 30 June 2020. We are also required to obtain the approval of our financiers in order to declare any dividends. As such, there is no assurance that we will be able to pay the Preferential Dividends consistently.

7. INDUSTRY OVERVIEW, FINANCIAL OVERVIEW AND PROSPECTS

Our Group's diversified businesses are mainly in Malaysia which contributes approximately 91% to our Group's 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.

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in the 2nd quarter of 2020. As a result, the economy registered its first contraction of 17.1% for the 2nd quarter of 2020 since the Global Financial Crisis (3rd quarter of 2009: -1.1%).

On the supply side, this was reflected in a contraction across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1st quarter of 2020: -2.0%).

A contraction was recorded in most economic sectors amidst the imposition of the MCO, followed by the CMCO and RMCO. The services sector contracted by 16.2% (1st quarter of 2020: 3.1%). The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to CMCO in May 2020 and RMCO in June 2020 provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant decline in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. The transport and storage sub-sector was impacted by a sudden stop in tourist arrivals due to travel restrictions imposed domestically as well as the international border closures. Growth in the finance and insurance sub-sector was weighed down by lower net interest income, and lower fee-based income amidst subdued capital market activity. Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working arrangements.

Domestic demand declined by 18.7% in the 2nd quarter of 2020 (1st quarter of 2020: 3.7%), mainly due to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved mainly due to the larger contraction in imports vis-à-vis the previous quarter.

Private investment declined by 26.4% for the 2nd quarter of 2020 (1st quarter of 2020: -2.3%), mainly due to the COVID-19 containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the MCO, firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Furthermore, businesses also faced challenges in the delivery and installation of machinery and equipment amid border closures.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index, declined to -2.6% during the 2nd quarter of 2020 (1st quarter of 2020: 0.9%). The lower headline inflation was primarily due to the substantial decline in retail fuel prices (average RON95 petrol price per litre in 2nd quarter of 2020: RM1.37, 1st quarter of 2020: RM1.96) and the implementation of the tiered electricity tariff rebate beginning the month of April 2020.

Economic activity in Malaysia contracted sharply in the 1st half of the year (-8.3%) as the measures introduced to contain the pandemic globally and domestically resulted in a concurrent supply and demand shock to the economy. However, growth is expected to have troughed in the 2nd quarter of 2020. Economic activity has resumed significantly since the economy began to reopen in early May 2020. Monthly indicators such as wholesale and retail trade, industrial production, electricity generation, and gross exports all rebounded in June after the contractions in the period between March 2020 and May 2020. The improvement in growth in the 2nd half of 2020 will also be supported by the recovery in global growth and continued policy support. In particular, consumption and investment activities are expected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. Growth could potentially be lifted by a larger-than-expected impact from stimulus measures. Nevertheless, the prospect of secondary COVID-19 outbreaks leading to the re-imposition of containment measures, more persistent weakness in labour market conditions, and a weaker-than-expected recovery in global growth pose downside risks to growth.

In the 2nd half of 2020, average headline inflation is expected to remain negative largely due to low retail fuel prices. Stimulus measures to alleviate cost burdens, such as the tiered electricity tariff rebate, would also keep inflation low. However, headline inflation is projected to decline by a smaller magnitude compared to 2nd quarter of 2020 as global oil prices continue to recover and economic conditions gradually improve.

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

7.2 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%).

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.

Activity in the construction sector declined by 44.5% in the 2nd quarter of 2020 (1st quarter of 2020: -7.9%), as almost all activities came to a standstill particularly in the month of April. Despite the partial reopening of the economy on 4 May 2020, most construction sites faced challenges restarting due to adjustments required to comply with the strict COVID-19 Standard Operating Procedures. Most of the construction sites were reported to remain idle as developers faced challenges to restart, including financial constraints, initial lack of clarity over the standard operating procedures and COVID-19 testing, and disruptions in the supply of construction materials. However, the situation improved significantly towards the end of the quarter after the Government implemented additional measures to facilitate the revival of the economy.

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 Second 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)

7.3 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.

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.

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)

7.4 Financial overview of our Group

Financial overview for FYE 31 December 2019

Our Group's revenue decreased by RM629.9 million or 11.6% to RM4,780.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM5,410.2 million) mainly due to lower contributions from most of our business segments except for our healthcare and quarry segments. The reduction in our Group's revenue was mainly attributed to our construction segment which experienced a reduction in revenue by RM574.6 million or 31.1% to RM1,273.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM1,847.9 million) due to lower progress billings from local construction projects as the existing projects were mostly in the early stages.

Our Group recorded a PBT of RM915.0 million for the FYE 31 December 2019, an increment of RM78.1 million or 9.3% (FYE 31 December 2018: RM836.9 million) contributed by most of our business segments except for construction, building materials, and trading and manufacturing segments. Our property development segment recorded a significant increase in PBT by RM73.1 million or 42.2% to RM246.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM173.2 million) mainly due to higher profit recognition from local development projects mainly attributed by the reversal of cost provisions upon completion of some of our local development projects. Further, our disposal of Sunway University had resulted in our property investment segment recognising a disposal gain of approximately RM37.7 million, contributing to its growth in PBT by 12.6% to RM336.3 million in FYE 31 December 2019 (FYE 31 December 2018: RM298.6 million).

Financial overview for 6-month FPE 30 June 2020

The COVID-19 pandemic had impacted the financial performance of our Group adversely mainly due to the implementation of MCO by the Government to contain the spread of the disease which required all government and private premises except those involved in providing essential products and services to be closed from 18 March 2020 to 3 May 2020. The implementation of MCO had resulted in most of our business operations except for healthcare and retailers offering essential products and services to be suspended through such period which diminished our sources of income whilst we continued to incur fixed overhead costs. Although most of our businesses have resumed operations during the CMCO and RMCO from 4 May 2020, the business recovery was slow due to the adaptation and compliance to the new normal and standard operating procedures. Our hospitality and leisure businesses under the property investments segment were worst hit as a result of the MCO and full operations only resumed in early July after suspension of operations for over 3 months. Please refer to Section 7.6 of this Abridged Prospectus for further details on the impact of COVID-19 pandemic on our Group.

Our Group's revenue decreased by RM672.7 million or 30.6% to RM1,528.1 million for the FPE 30 June 2020 (FPE 30 June 2019: RM2,200.8 million). The decrease in our Group's revenue was due to lower contributions from most business segments of our Group except for our property development, quarry and healthcare segments. The reduction in our Group's revenue were mainly attributed to:

- (i) our construction segment which experienced a reduction in revenue by RM329.0 million or 51.4% to RM310.6 million for the FPE 30 June 2020 (FPE 30 June 2019: RM639.6 million) mainly due to the reduction in our progress billings arising from the implementation of MCO which had resulted in our construction operations being suspended for a period of approximately 2.5 months; and
- (ii) our property investment segment which experienced a reduction in revenue by RM183.0 million or 49.1% to RM189.8 million for the FPE 30 June 2020 (FPE 30 June 2019: RM372.8 million) arising from lower income mainly from our leisure and hospitality segments as the COVID-19 pandemic and the implementation of the MCO have impacted the operations of these businesses in the current period.

For the FPE 30 June 2020, our Group recorded a PBT of RM117.9 million, which represents a decrease of RM312.6 million or 72.6% (FPE 30 June 2019: RM430.5 million) attributed by:

- (i) a decrease in our operating profits by RM234.3 million or 82.2% to RM50.7 million for the FPE 30 June 2020 (FPE 30 June 2019: RM285.0 million) mainly due to the reduction in revenues as set out above whilst we continued to incur fixed overhead costs; and
- (ii) a decrease in our share of results of associates and joint ventures which collectively decreased by RM85.9 million or 69.3% to RM38.0 million for the FPE 30 June 2020 (FPE 30 June 2019: RM123.9 million) mainly due to a fair value loss recognised from the revaluation of Sunway Real Estate Investment Trust's (our associated company) properties which amounted to RM16.5 million (FPE 30 June 2019: Fair value gain of RM43.6 million).

On the contrary, our operating expenses (which includes cost of sales) reduced by RM463.7 million or 23.0% to RM1,548.9 million in FPE 30 June 2020 (FPE 30 June 2019: RM2,012.6 million) mainly due to our cost saving measures adopted across our Group and lower cost of sales which are in line with the reduction in our revenue. Further, our financing costs reduced by RM13.9 million or 10.9% to RM113.8 million for the FPE 30 June 2020 (FPE 30 June 2019: RM127.7 million) due to the reduction in OPR by Bank Negara Malaysia which further cushioned the impact of our Group's reductions in revenue.

7.5 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 RM3.1 billion as at 30 September 2020 and (c) our revised target to launch approximately RM2.2 billion in GDV of properties in 2020 with a sales target of RM1.1 billion announced in August 2020 after taking into consideration the disruption to our property development division's operations and weak consumer sentiments arising from the COVID-19 pandemic. From 1 January 2020 up to the LCD, we have successfully launched RM560 million in GDV of properties with a take-up rate of approximately 83.5%. In the same period, we have also achieved RM943 million worth of property sales.

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 an 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 the LPD, the occupancy rate of Sunway Big Box is at approximately 62%. We expect this to further increase to approximately 73% 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 RM5.3 billion as at the LCD. 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. As at the LCD, we have successfully secured RM1,986 million worth of new contracts. 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 new external contracts secured 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.

In addition, we have secured five in-house development projects, including (a) the proposed development of Sunway International School in Subang Jaya, Selangor; (b) the proposed construction of commercial mixed development with carparks and amenities in Sunway City, Selangor; (c) the proposed development of three blocks of service apartments with carparks and amenities at Jalan Belfield, Kuala Lumpur; (d) the proposed main building works for Sunway Medical Centre (Phase 4); and (e) the proposed commercial development of Sunway Velocity Two (Plot B). These development projects are worth approximately RM1.4 billion in aggregate.

(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 centres 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)

7.6 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. The financial impact of COVID-19 to our Group during this period mainly arose from our diminished sources of income as most of our business operations were suspended 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 the MCO period.

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 subsequently extended to 31 December 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 and RMCO, 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.

On 12 October 2020, the Government had announced to enforce the Klang Valley CMCO in Selangor, Kuala Lumpur and Putrajaya which took effect from 14 October 2020 to 27 October 2020 and which was subsequently extended to 9 November 2020, which, amongst others, restricts movements across districts without work pass or letter of approval by employers and the closure of schools, public parks, recreational centres, and entertainment centres. In response to the Klang Valley CMCO, our Group had for our businesses which were allowed to continue operations further limited the number of employees working on site and issued work passes to our employees who were required to be working on site during such period. The implementation of the Klang Valley CMCO is not expected to have a material adverse impact on our Group's operations and financial performance as most of our businesses were allowed to continue operating during such period, save for our leisure operations under our property investment division. Please refer to the impact of the COVID-19 pandemic on our property investment division for further details.

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 before 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, RMCO, and Klang Valley CMCO have had varying impacts and effects on the various business divisions of our Group. 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 in the event of 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. Given that the sales under this campaign will only be recognised as revenue upon delivery of vacant possession to our customers, we do not expect a material adverse impact to our Group's financial performance arising from this digital 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, there has been no positive COVID-19 case detected at any of our on-going development project sites.

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 LAD being incurred by our Group. As at the LPD, there are no material impact to our Group's financial performance arising from 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 The Pinnacle Sunway) was not material. On the contrary, our income from the retail properties had been adversely impacted since the implementation of the MCO as retailers offering non-essential products and services were prohibited from operating during the MCO period. Arising from the temporary operation restriction imposed on 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, and 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. On 26 September 2020 and 27 September 2020, there were two isolated COVID-19 cases detected on our retail and commercial properties namely, Sunway Pyramid and The Pinnacle Sunway. In light of this, we have swiftly taken the necessary steps to close-off the affected areas, and carried out and completed deep cleaning, through disinfection as well as sanitisation throughout the premises and increased the frequency of such processes on a daily basis.

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 located in Sunway City, Selangor and Sunway Lost World of Tambun located in Ipoh, 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. However, upon the implementation of Klang Valley CMCO, our theme park located in Selangor, Sunway Lagoon was required to suspend operations beginning 14 October 2020 up to 9 November 2020 as it is deemed as a recreational centre in Selangor. Our employees had to work remotely during such suspension of operations. The suspension of Sunway Lagoon's operations during Klang Valley CMCO period is not expected to have a material adverse impact on our financial performance as the contribution from our leisure operations is not significant as compared to our other businesses. Further, on 13 October 2020, we had announced that MOH had informed us of a suspected COVID-19 case involving one of our guests at Sunway Lost World of Tambun. In light of this development, we have closed Sunway Lost World of Tambun and Sunway Lost World Hotel, Ipoh for 14 days for sanitisation and deep cleaning works around our theme park and hotel to protect and safeguard our staff and the community.

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, there has been no positive COVID-19 case detected at any of our construction sites and all of our construction operations have resumed.

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 in Malaysia, as at the LPD, we have not been informed by our clients of any intention 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. In addition, there has been no termination or reduction in contract value of our existing construction contracts arising from the impact of the COVID-19 pandemic.

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 (both local and foreign) 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 MOH 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)

8. EFFECTS OF THE RIGHTS ISSUE OF ICPS

8.1 Issued share capital

For illustrative purposes only, the pro forma effects of the 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 the LPD	4,933,931,767	5,393,667,218	4,933,931,767	5,393,667,218
Less: Treasury shares	(37,308,865)	(63,743,531)	-	-
	4,896,622,902	5,329,923,687	4,933,931,767	5,393,667,218
To be issued pursuant to the exercise of Warrants	-	-	629,958,045	1,039,430,774
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	5,509,416,447	5,942,717,232	6,676,667,774	7,545,875,954

8.2 Substantial shareholders' shareholdings

The 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 Rights Issue of ICPS on the shareholdings of our Company's substantial shareholders based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I)			
	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	115,206,913	2.35	2,964,002,520 ⁽²⁾	60.53	115,206,913	2.35	2,964,002,520 ⁽²⁾	60.53
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,079,209,433 ⁽³⁾	62.88	-	-	3,079,209,433 ⁽³⁾	62.88
Sarena Cheah Yean Tih s.m.s	5,248,592	0.11	3,069,768,417 ⁽⁴⁾	62.69	5,248,592	0.11	3,069,768,417 ⁽⁴⁾	62.69
Evan Cheah Yean Shin	4,195,196	0.09	3,069,765,645 ⁽⁵⁾	62.69	4,195,196	0.09	3,069,765,645 ⁽⁵⁾	62.69
Adrian Cheah Yean Sun	-	-	3,069,765,645 ⁽⁵⁾	62.69	-	-	3,069,765,645 ⁽⁵⁾	62.69
Sungei Way Corporation Sdn Bhd	2,782,493,495	56.82	-	-	2,782,493,495	56.82	-	-
Active Equity Sdn Bhd	156,550,000	3.20	2,782,493,495 ⁽⁶⁾	56.82	156,550,000	3.20	2,782,493,495 ⁽⁶⁾	56.82
Employees Provident Fund Board	482,211,687	9.85	-	-	482,211,687	9.85	-	-

(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	135,199,955	2.45	3,556,803,020 ⁽²⁾	64.56
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,692,002,975 ⁽³⁾	67.01
Sarena Cheah Yean Tih s.m.s	6,298,310	0.11	3,680,673,203 ⁽⁴⁾	66.81
Evan Cheah Yean Shin	5,034,234	0.09	3,680,670,431 ⁽⁶⁾	66.81
Adrian Cheah Yean Sun	-	-	3,680,670,431 ⁽⁶⁾	66.81
Sungei Way Corporation Sdn Bhd	3,338,992,193	60.61	-	-
Active Equity Sdn Bhd	187,860,000	3.41	3,338,992,193 ⁽⁶⁾	60.61
Employees Provident Fund Board	482,211,687	8.75	-	-

Notes:

- (1) Based on the number of Shares in issue of 4,896,622,902 Shares (excluding treasury shares) as at the LPD.
- (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 by virtue of shareholdings 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 the LPD				(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	115,206,913	2.35	2,964,002,520 ⁽²⁾	60.53	147,773,712	2.66	3,373,342,353 ⁽²⁾	60.63
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,079,209,433 ⁽³⁾	62.88	-	-	3,521,116,065 ⁽³⁾	63.29
Sarena Cheah Yean Tih s.m.s	5,248,592	0.11	3,069,768,417 ⁽⁴⁾	62.69	5,910,114	0.11	3,510,485,122 ⁽⁴⁾	63.09
Evan Cheah Yean Shin	4,195,196	0.09	3,069,765,645 ⁽⁵⁾	62.69	4,723,950	0.08	3,510,482,001 ⁽⁵⁾	63.09
Adrian Cheah Yean Sun	-	-	3,069,765,645 ⁽⁵⁾	62.69	-	-	3,510,482,001 ⁽⁵⁾	63.09
Sungei Way Corporation Sdn Bhd	2,782,493,495	56.82	-	-	3,190,643,052	57.35	-	-
Active Equity Sdn Bhd	156,550,000	3.20	2,782,493,495 ⁽⁶⁾	56.82	156,550,000	2.81	3,190,643,052 ⁽⁶⁾	57.35
Employees Provident Fund Board	482,211,687	9.85	-	-	488,496,009	8.78	-	-

	(II)				(III)			
	After (I) and the Rights Issue of ICPS		After (II) and assuming full conversion of ICPS		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	147,773,712	2.66	3,373,342,353 ⁽²⁾	60.63	177,328,454	2.66	4,048,010,821 ⁽²⁾	60.63
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	3,521,116,065 ⁽³⁾	63.29	-	-	4,225,339,275 ⁽³⁾	63.29
Sarena Cheah Yean Tih s.m.s	5,910,114	0.11	3,510,485,122 ⁽⁴⁾	63.09	7,092,136	0.11	4,212,582,144 ⁽⁴⁾	63.09
Evan Cheah Yean Shin	4,723,950	0.08	3,510,482,001 ⁽⁵⁾	63.09	5,668,740	0.08	4,212,578,399 ⁽⁵⁾	63.09
Adrian Cheah Yean Sun	-	-	3,510,482,001 ⁽⁵⁾	63.09	-	-	4,212,578,399 ⁽⁵⁾	63.09
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	488,496,009	8.78	-	-	586,195,209	8.78	-	-

Notes:

- (1) Based on the number of Shares in issue of 4,896,622,902 Shares (excluding treasury shares) as at the LPD.
- (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 by virtue of shareholdings 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.

8.3 NA and gearing

For illustrative purposes only, the pro-forma effects of the Rights Issue of ICPS on our consolidated NA and gearing, and NA per Sunway Share based on our latest unaudited consolidated statement of financial position as at 30 June 2020, are set out below:

Minimum Scenario

	(I) Unaudited as at 30 June 2020 (RM'000)	(II) After adjusting for subsequent events ⁽¹⁾ (RM'000)	(II) After (I) and the Rights Issue of ICPS ⁽²⁾ (RM'000)	(III) After (II) and assuming full conversion of ICPS ⁽³⁾ (RM'000)
Share capital	5,393,667	5,393,667	5,393,667	6,006,461
Treasury shares	(57,191)	(63,744)	(63,744)	(63,744)
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	4,043,892	4,043,892	4,042,292	3,897,520
Shareholders' fund / NA	8,239,982	8,233,429	8,844,623	8,699,851
Perpetual sukuk	800,000	800,000	800,000	800,000
Non-controlling interests	616,268	616,268	616,268	616,268
Total equity	9,656,250	9,649,697	10,260,891	10,116,119
No. of Sunway Shares in issue (excluding treasury shares) ('000)	4,901,382	4,896,623	4,896,623	5,509,416
NA per Sunway Share (RM) ⁽⁴⁾	1.68	1.68	1.81	1.58
Total borrowings (RM'000)	9,335,156	9,335,156	9,103,256	9,103,256
Gearing (times) ⁽⁵⁾	0.97	0.97	0.89	0.90
Net borrowings (RM'000) ⁽⁶⁾	4,556,724	4,563,277	3,952,083	4,096,855
Net gearing (times) ⁽⁷⁾	0.47	0.47	0.39	0.40

Notes:

- (1) After taking into consideration the purchase of additional 4,758,800 Sunway Shares by our Company from 1 July 2020 up to the LPD at a total consideration of approximately RM6.6 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 Corporate Exercises of RM1.6 million and the utilisation of the proceeds for repayment of borrowings of RM231.9 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 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) Gearing is computed as total borrowings divided by total equity.
- (6) Net borrowings amount is calculated as total borrowings less cash and bank balances and placement in funds.
- (7) Net gearing is computed as net borrowings divided by total equity.

Maximum Scenario

	(I) After adjusting for subsequent events ⁽¹⁾ (RM'000)	(II) After (I), treasury shares are resold and exercise of Warrants ⁽²⁾ (RM'000)	(III) After (II) and the Rights Issue of ICPS ⁽³⁾ (RM'000)	(IV) After (III) and assuming full conversion of ICPS ⁽⁴⁾ (RM'000)
Unaudited as at 30 June 2020	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	5,393,667	6,433,098	6,433,098	7,545,876
Treasury shares	(57,191)	-	-	-
ICPS	-	-	1,112,778	-
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	4,043,892	4,043,892	4,042,292	3,779,398
Shareholders' fund / NA	8,239,982	9,336,604	10,447,782	10,184,888
Perpetual sukuk	800,000	800,000	800,000	800,000
Non-controlling interests	616,268	616,268	616,268	616,268
Total equity	9,656,250	10,752,872	11,864,050	11,601,156
No. of Sunway Shares in issue ('000)	4,901,382 ⁽⁵⁾	4,896,623	5,563,890	6,676,668
NA per Sunway Share (RM) ⁽⁶⁾	1.68	1.68	1.88	1.53
Total borrowings (RM'000)	9,335,156	9,335,156	8,603,156	8,603,156
Gearing (times) ⁽⁷⁾	0.97	0.87	0.73	0.74
Net borrowings (RM'000) ⁽⁸⁾	4,556,724	3,460,102	2,348,924	2,611,818
Net gearing (times) ⁽⁹⁾	0.47	0.32	0.20	0.23

Notes:

- (1) After taking into consideration the purchase of additional 4,758,800 Sunway Shares by our Company from 1 July 2020 up to the LPD at a total consideration of approximately RM6.6 million.
- (2) Assuming all the existing 37,308,865 treasury shares are resold in the open market at their respective acquisition prices raising proceeds of approximately RM63.7 million and all the outstanding 629,958,045 Warrants are exercised into 629,958,045 new Sunway Shares at the exercise price of RM1.65 per Sunway Share raising proceeds of approximately RM1,039.4 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 Corporate Exercises of RM1.6 million and the utilisation of proceeds for repayment of borrowings of RM732.0 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 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) Gearing is computed as total borrowings divided by total equity.
- (8) Net borrowings amount is calculated as total borrowings less cash and bank balances and placement in funds.
- (9) Net gearing is computed as net borrowings divided by total equity.

As at the LPD, our Group has entered into a sale and purchase agreement dated 29 June 2020 between Sunway Integrated Properties Sdn Bhd (as first vendor), Sunway Pinnacle Sdn Bhd (as second vendor), both of which are wholly-owned subsidiaries of Sunway City Sdn Bhd, which in turn is a wholly-owned subsidiary of our Company, and RHB Trustees Berhad, being the trustee of Sunway Real Investment Trust ("Sunway REIT") (as purchaser), in respect of the disposal of (i) a piece of leasehold land held under PN 17103, Lot No. 61759, Town of Sunway, District of Petaling, State of Selangor from the first vendor and (ii) a building comprising of a 24-storey office building with three-storey mezzanine floors and 6 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 the second vendor for a cash consideration of RM450.0 million ("Disposal of Pinnacle Sunway"). As at the LPD, the Disposal of Pinnacle Sunway is pending completion and remains conditional upon the fulfilment of certain conditions. The impact of the Disposal of Pinnacle Sunway on our consolidated NA is an increase of RM40.0 million from the gain on disposal and the proceeds to be raised from such disposal is expected to be used to repay borrowings amounting to RM449.9 million. The financial impact from the Disposal of Pinnacle Sunway has not been illustrated in the pro-forma effects of the Rights Issue of ICPS.

8.4 Earnings and EPS

Our Board expects the 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 5 of this Abridged Prospectus 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.

8.5 Material transactions

As at the LPD, save for the Rights Issue of ICPS and the Disposal of Pinnacle Sunway, there are no other material transactions which may have a material effect on the operations, financial position and results of our Group since our Group's most recent announced unaudited financial statements for the 6-month FPE 30 June 2020.

8.6 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 Warrant holders no later than 21 days from adjustments of the Warrants.

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:

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

Based on the outstanding 629,958,045 Warrants and the existing exercise price of the Warrants of RM1.65 per Sunway Share as at the LPD, and the Conversion Price of RM1.00 per Sunway Share, the details of the adjustments to the exercise price and number of Warrants pursuant to the Rights Issue of ICPS are set out below:

Abbreviations

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

Our Company's position

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 Rights Issue of ICPS is publicly announced.

Abbreviations

Our Company's position

D = The value of rights attributable to one Share which shall be calculated in accordance with the following formula:

$$\frac{C - E}{F + 1}$$

$$D = \frac{1.55 - 1.00}{5 + 1}$$

$$= 0.09$$

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:

(i) the existing exercise price of the Warrants:

$$\begin{aligned} \text{Adjusted exercise price} &= \text{Existing exercise price} \times \frac{C - D}{C} \\ &= \text{RM1.65} \times \frac{1.55 - 0.09}{1.55} \\ &= \text{RM1.56} \end{aligned}$$

(ii) the number of Warrants:

$$\begin{aligned} \text{Adjusted number of Warrants} &= \text{Existing number of Warrants} \times \frac{C}{C - D} \\ &= 629,958,045 \times \frac{1.55}{1.55 - 0.09} \\ &= 669,555,408 \end{aligned}$$

Additional Warrants to be issued	=	Adjusted number of Warrants	-	Existing number of Warrants
	=	669,555,408	-	629,958,045
	=	39,597,363*		

* Excluding fractional entitlements

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital and sources of liquidity

Our Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as our Group's existing cash and bank balances.

As at 30 June 2020, being the latest practicable date of which such amounts could be calculated and publicly announced by our Company before the printing of this Abridged Prospectus, we held cash and bank balances of RM2.55 billion and placement in funds of RM2.23 billion. Further, as at the LCD, we have unutilised credit facilities amounting to RM26.7 billion out of the existing credit limit of approximately RM37.5 billion.

Our Board has confirmed that, after taking into consideration the funds generated from our Company's operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue of ICPS, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LCD, our Group's total outstanding borrowings (all of which are interest bearing) are set out as follows:

Borrowings	Total
	(RM'000)
Long-term borrowings	
Term loans	260,897
Medium term notes	2,490,000
Hire purchase with financial institutions	509
	2,751,406
Short-term borrowings	
Bank overdrafts	102,681
Term loans	1,313,191
Revolving credits	2,062,023
Medium term notes	1,100,000
Commercial papers	1,766,000
Bankers' acceptances	155,381
Bills discounting	92,186
Hire purchase with financial institutions	83
	6,591,545
Total	9,342,951

The figures above are also inclusive of the following borrowings which are denominated in various currencies, but expressed in RM terms:

Currency	Amount of borrowings denominated in foreign currency	Borrowings equivalent in RM
USD ('000)	493,964	2,053,902 ⁽¹⁾
AUD ('000)	169,194	503,640 ⁽²⁾
SGD ('000)	123,990	377,439 ⁽³⁾
GBP ('000)	56,217	301,025 ⁽⁴⁾

Notes:

- (1) Based on the exchange rate of USD1:RM4.1580 as at the LCD.
- (2) Based on the exchange rate of AUD1:RM2.9767 as at the LCD.
- (3) Based on the exchange rate of SGD1:RM3.0441 as at the LCD.
- (4) Based on the exchange rate of GBP1:RM5.3547 as at the LCD.

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past one financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

Our Board has confirmed that save as disclosed below, as at the LCD, 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	966,994

9.4 Material commitments

Our Board has confirmed that save as disclosed below, as at the LPD, 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	
Property, plant and equipment and investment properties:	
- Authorised and contracted for	250,961
- Authorised but not contracted for	231,179
Capital commitment in associates	
Property, plant and equipment and investment properties:	
- Authorised and contracted for	220,329
- Authorised but not contracted for	22,435
Capital commitment in joint venture	
Property, plant and equipment and investment properties:	
- Authorised and contracted for	2,895
- Authorised but not contracted for	9,797
Total	737,596

The capital commitments set out above will be funded through internally generated funds and/or borrowings.

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AS WELL AS EXCESS ICPS APPLICATIONS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR TRANSFEREES AND/OR YOUR RENOUNCEES WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR/HIS ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE RSF. YOU AND/OR YOUR TRANSFEREES AND/OR YOUR RENOUNCEES ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

ACCEPTANCE OF AND/OR PAYMENT FOR THE PROVISIONAL ALLOTMENTS WHICH DO NOT CONFORM STRICTLY TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF OR THE NOTES AND INSTRUCTIONS PRINTED THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue of ICPS. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Allotment into your CDS Account, and the RSF to enable you to subscribe for the ICPS as well as to apply for Excess ICPS if you choose to do so. This Abridged Prospectus and the RSF are also available from the registered office of our Company, our Share Registrar for the Rights Issue of ICPS or Bursa Securities' website (<http://www.bursamalaysia.com>).

You may subscribe for the Provisional Allotments as well as apply for Excess ICPS, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

We shall make an announcement on Bursa Securities on the allocation of the ICPS after the Closing Date.

10.2 Procedures for acceptance and payment

10.2.1 By way of RSF

Acceptance of and payment for the Provisional Allotments allotted to you can be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** in the official envelope provided (at your own risk) to our Share Registrar for the Rights Issue of ICPS, at the following address:

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: +603 2783 9299
Fax: +603 2783 9222

OR

Customer Service Centre
Unit G-3 Ground Floor
Vertical Podium, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on **Thursday, 26 November 2020**, being the last date and time for the acceptance and payment for the ICPS.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the registered office of our Company, our Share Registrar for the Rights Issue of ICPS or Bursa Securities' website (<http://www.bursamalaysia.com>).

One RSF must be used for acceptance of the Provisional Allotments standing to the credit of one CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than one CDS Account. If successful, the ICPS accepted by you will be credited into your respective CDS Accounts where the Provisional Allotments are standing to the credit.

If you do not wish to accept the ICPS provisionally allotted to you in full, you are entitled to accept part of your entitlement. The minimum number of ICPS that may be subscribed or accepted is one ICPS. Fractions of an ICPS arising from the Rights Issue of ICPS will be disregarded and the aggregate of such fractions 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. Applicants should take note that a trading board lot of 100 ICPS respectively.

You must complete both Part I(A) of the RSF by specifying the number of ICPS which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar for the Rights Issue of ICPS in the manner as set out in Section 10.2.1 of this Abridged Prospectus.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSF by our Share Registrar for the Rights Issue of ICPS, you are advised to use one reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Issue of ICPS accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**SUNWAY ICPS RIGHTS ISSUE ACC**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar for the Rights Issue of ICPS by 5.00 p.m. on **Thursday, 26 November 2020**. The payment must be made for the exact amount payable for the ICPS accepted. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar for the Rights Issue of ICPS by 5.00 p.m. on **Thursday, 26 November 2020**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Our Board will have the right to allot any ICPS not taken up or not validly taken up to applicants applying for the Excess ICPS in the manner as set out in Section 10.4 of this Abridged Prospectus.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE OF ICPS. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE OF ICPS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF. YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE OF ICPS WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREES AND/OR YOUR RENOUNCES BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. ALL ICPS TO BE ISSUED TO THE SUCCESSFUL APPLICANTS WILL BE CREDITED DIRECTLY TO THEIR RESPECTIVE CDS ACCOUNT. NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

10.2.2 By way of e-Subscription

You have the option to accept and make payment for your entitlement to the Provisional Allotments through e-Subscription available on TIIH Online's website at <https://tiih.online>. The e-Subscription is available to all Entitled Shareholders including individuals, corporation or institutional shareholders.

Subsequent to the Entitlement Date, we will, at our discretion, authorise our Share Registrar for the Rights Issue of ICPS to send an electronic notification to the Registered Entitled Shareholders. If you are a Registered Entitled Shareholder, you will be notified on the availability of the e-Subscription for the Rights Issue of ICPS on TIIH Online's website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to accept the Provisional Allotments and apply for Excess ICPS by way of e-Subscription shall take note of the following:

- (i) any e-Subscription received by our Share Registrar for the Rights Issue of ICPS after the Closing Date shall be regarded as null and void and of no legal effect unless our Board in its absolute discretion determines otherwise. Any e-Subscription, once received by our Share Registrar for the Rights Issue of ICPS, is irrevocable and shall be binding on you;
- (ii) you will receive a notification to login to TIIH Online in respect of your shareholdings in your CDS Account. Accordingly, for each CDS Account, you can choose to subscribe to the Rights Issue of ICPS which you are entitled to in whole or part as stipulated in this Abridged Prospectus;
- (iii) the e-Subscription made must be in accordance with the procedures of e-Subscription using TIIH Online, and the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF. Any e-Subscription which have been submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at the absolute discretion of our Board. Our Board reserves the right at its absolute discretion to not accept any e-Subscription which are incomplete or incorrectly completed or with excess or insufficient remittances;
- (iv) the number of Provisional Allotments you are entitled to under the Rights Issue of ICPS is set out in the e-NPA. You are required to indicate the number of Provisional Allotments you wish to accept and number of Excess ICPS you wish to apply for in the e-RSF;
- (v) the e-Subscription must be accompanied by remittance in RM which is to be made through the online payment gateway or telegraphic transfer;
- (vi) a handling fee is payable should you make an e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (vii) the ICPS accepted and Excess ICPS applied for (if successful pursuant to Procedures for the Excess Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in our Record of Depositors as at the last date for transfer of Provisional Allotments.

All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Allotments, please read and follow the procedures set out below:

(i) Sign up as a user of TIIH Online

- (a) Access TIIH Online's website at <https://tiih.online>;
- (b) Under e-Services, select "Sign Up" – "Create *Individual Account*" (applicable for individual shareholders) or "Create *Corporate Holder Account*" (applicable for corporation or institutional shareholders). You may refer to the tutorial guide posted on the homepage for assistance;
- (c) Registration will be verified and you will be notified by email within one to two Market Days; and
- (d) Proceed to activate your account with the temporary password sent to you via your registered email and set your password.

Note: An email address is allowed to be used only once to register as a new user account, and the same email address cannot be used to register for another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent Corporate Holder Account(s), please contact our Share Registrar for the Rights Issue of ICPS for further details and requirements.

(ii) Procedures for e-Subscription

Individual Registered Entitled Shareholder

- (a) Login to TIIH Online at <https://tiih.online>;
- (b) Select the corporate exercise name: "SUNWAY Rights Issue of ICPS";
- (c) Read and agree to the terms and conditions, and confirm the declaration;
- (d) Preview your CDS Account details and your Provisional Allotments;
- (e) Select the relevant CDS Account and insert the number of ICPS to subscribe for and the number of Excess ICPS to apply for (if applicable) in the e-RSF;
- (f) Review and confirm the number of ICPS which you are subscribing for and the number of Excess ICPS you are applying for (if applicable), and the total amount payable for the ICPS and Excess ICPS (if applicable);
- (g) Review the payment of stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF which is included in the total amount payable;
- (h) Proceed to pay via the online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank which you have an internet banking account;

- (i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address; and
- (j) Print the payment receipt and your e-RSF for your record.

Corporation or Institutional Registered Entitled Shareholder

- (a) Login to TIIH Online at <https://tiih.online>;
- (b) Select the corporate exercise name: "SUNWAY Rights Issue of ICPS";
- (c) Read and agree to the terms and conditions, and confirm the declaration;
- (d) Proceed to download the "e-RSF file of Provisional Allotments";
- (e) Preview the CDS Account details and the Provisional Allotments;
- (f) Arrange to pay for the subscription of ICPS and Excess ICPS via telegraphic transfer into our designated bank account as follows:

Account Name : SUNWAY ICPS RIGHTS ISSUE ACC

Bank : Maybank Islamic Berhad

Bank Account No. : 562311311731

Account Name : SUNWAY ICPS EXCESS RIGHTS AC

Bank : Maybank Islamic Berhad

Bank Account No. : 562311311747

- (g) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into our Share Registrar for the Rights Issue of ICPS' bank account as follows:

Account Name : Tricor Investor & Issuing House Services Sdn. Bhd.

Bank : Malayan Banking Berhad

Bank Account No. : 514012025081

- (h) Once payments are completed, complete the "e-RSF file on the Provisional Allotments" by filling up the required information;
- (i) Login to TIIH Online, select corporate exercise name: "SUNWAY Rights Issue of ICPS" and proceed to upload the duly completed "e-RSF file on the Provisional Allotments";
- (j) Select "Submit" to complete your submission; and
- (k) Print the confirmation report of your submission for your record.

(iii) Terms and conditions for e-Subscription

The e-Subscription of ICPS and Excess ICPS (if successful), shall be made on and subject to the terms and conditions appearing herein:

- (a) After login to TIIH Online, you are required to confirm and declare the following information given are true and correct:
 - (i) you have attained 18 years of age as at the last day for subscription and payment;
 - (ii) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood; and
 - (iii) you agree to all the terms and conditions for the e-Subscription and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (b) you agree and undertake to subscribe for and to accept the number of ICPS and Excess ICPS applied for (if applicable) as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of ICPS that may be allotted to you;
- (c) by making and completing your e-Subscription, if successful, you request and authorise our Share Registrar for the Rights Issue of ICPS or our Company to credit the ICPS and Excess ICPS (if applicable) allotted to you into your CDS Account;
- (d) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company or our Share Registrar for the Rights Issue of ICPS and irrevocably agree that if:
 - (i) our Company or our Share Registrar for the Rights Issue of ICPS does not receive your e-Subscription; or
 - (ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar for the Rights Issue of ICPS,you will not be deemed to have made an e-Subscription and you may not make any claim whatsoever against our Company or our Share Registrar for the Rights Issue of ICPS for the ICPS accepted and/or Excess ICPS applied for or for any compensation, loss or damage relating to the e-Subscription.
- (e) you will ensure that your personal particulars recorded with TIIH Online and Bursa Depository are correct, otherwise, your e-Subscription may be rejected;

- (f) you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository.
- (g) by making and completing an e-Subscription, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Allotments and Excess ICPS applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
 - (ii) our Share Registrar for the Rights Issue of ICPS will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control.
- (h) our Share Registrar for the Rights Issue of ICPS, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions or the terms and conditions of TIH Online, this Abridged Prospectus and the e-RSF; and
- (i) notification on the outcome of your e-Subscription for the ICPS and Excess ICPS will be despatched to you by ordinary post to the address as shown in our Record of Depositors at your own risk within the timeline as follows:
 - (i) successful applications - a notice of allotment will be despatched within eight Market Days from the Closing Date; or
 - (ii) unsuccessful or partially successful applications - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last address maintained with Bursa Depository at your own risk.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar for the Rights Issue of ICPS by 5.00 p.m. on Thursday, 26 November 2020, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Our Board will have the right to allot any ICPS not taken up or not validly taken up to applicants applying for the Excess ICPS in the manner as set out in Section 10.4 of this Abridged Prospectus.

10.3 Procedures for sale or transfer of Provisional Allotments

If you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one or more persons, you may do so through your stockbroker from Monday, 9 November 2020 up to 5.00 p.m. on Wednesday, 18 November 2020 being the last date and time for sale of the Provisional Allotments or 4.30 p.m. on Friday, 20 November 2020 being the last date and time for transfer of the Provisional Allotments (in accordance with Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the ICPS applied for to our Share Registrar for the Rights Issue of ICPS. Please refer to Section 10.2 of this Abridged Prospectus for the procedures for acceptance and payment.

10.4 Procedures for the Excess ICPS Application

10.4.1 By Way of RSF

If you wish to apply for additional ICPS in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II and forwarding it with a separate remittance made in RM for the full amount payable for the Excess ICPS applied for, to our Share Registrar for the Rights Issue of ICPS so as to arrive not later than 5.00 p.m. on Thursday, 26 November 2020, being the Closing Date.

Payment for the Excess ICPS Application must be made in the same manner as set out in Section 10.2 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to "**SUNWAY ICPS EXCESS RIGHTS AC**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar for the Rights Issue of ICPS by 5.00 p.m. on **Thursday, 26 November 2020**. The payment must be made for the exact amount payable for the Excess ICPS Application.

It is the intention of our Board to allot the Excess ICPS, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots of ICPS;
- (ii) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess ICPS, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for Excess ICPS, taking into consideration the quantum of their respective Excess ICPS Application; and

- (iv) finally, on a pro-rata basis and in board lots, to the transferees and/or renounees who have applied for Excess ICPS, taking into consideration the quantum of their respective Excess ICPS Application.

The Excess ICPS will firstly be allocated to minimise the odd lots of ICPS (if any) held by each applicant of Excess ICPS. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess ICPS will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all the remaining balance of Excess ICPS are allotted.

Notwithstanding the above, our Board reserves the right to allot any Excess ICPS applied for under Part I(B) of the RSF in such manner as it deems fit and expedient, and in the best interest of our Company subject always to such allocation being made on a fair and equitable manner.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS ICPS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE OF ICPS.

EXCESS ICPS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF. YOU SHOULD NOTE THAT ANY EXCESS ICPS APPLICATIONS AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE OF ICPS WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

HOWEVER, IF YOUR EXCESS ICPS APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. ALL ICPS TO BE ISSUED TO THE SUCCESSFUL APPLICANTS WILL BE CREDITED DIRECTLY TO THEIR RESPECTIVE CDS ACCOUNTS. NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS ICPS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

10.4.2 By Way of e-Subscription

You may apply for the Excess ICPS via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess ICPS by following the same steps as set out in Section 10.2.1 of this Abridged Prospectus. The e-Subscription for Excess ICPS will be made on, and subject to, the same terms and conditions appearing in Section 10.2.1 of this Abridged Prospectus.

10.5 Procedures to be followed by transferees and/or renounees

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess ICPS and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.2 to 10.4 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of our Company, our Share Registrar for the Rights Issue of ICPS or Bursa Securities' website (<http://www.bursamalaysia.com>).

TRANSFEREES AND/OR RENOUNNEES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.6 CDS Account

Bursa Securities has prescribed our securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICPS are prescribed securities and as such, all dealings with the ICPS will be by book entries through CDS Accounts and will be governed by SICDA and Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the ICPS. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the ICPS and Excess ICPS Applications, if any shall signify your consent to receiving such ICPS as prescribed securities that will be credited directly to your respective CDS Accounts. No physical share certificates will be issued.

If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the ICPS that you subscribed for will be credited into your CDS Account where the Provisional Allotments are standing to the credit.

10.7 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the ICPS may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdiction under the relevant laws of those jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue of ICPS will not be made or offered or deemed made or offered for acquisition or subscription of any ICPS, in any jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any jurisdiction other than the laws of Malaysia. The Rights Issue of ICPS to which this Abridged Prospectus relates is only available to our Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from our Share Registrar for the Rights Issue of ICPS at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

Our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia other than as stated on our 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. Our Company will assume that the Rights Issue of ICPS and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue of ICPS and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue of ICPS in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferees and/or his renounees may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue of ICPS only to the extent that it would be lawful to do so, and our Company, our Board and officers, RHB Investment Bank and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue of ICPS, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholder and/or his transferees and/or his renounees is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferees and/or his renounees shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance and/or renunciation in any manner whatsoever of his entitlement under the Rights Issue of ICPS would result in the contravention of the laws of the jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance and/or renunciation made by any Foreign-Addressed Shareholder and/or his transferees and/or his renounees is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction. The Foreign-Addressed Shareholder and/or his transferees and/or his renounees will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of ICPS available for excess application by other Entitled Shareholders and/or their transferees and/or their renounees.

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties acting on the acceptance and/or renunciation in connection with the Rights Issue of ICPS would not be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferees and/or his renounees is or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his transferees and/or his renounees has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferees and/or his renounees is or might be subject to in connection with the acceptance and/or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his transferees and/or his renounees is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance and/or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his transferees and/or his renounees is/are aware that the ICPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his transferees and/or his renounees has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus and has/have had access to such financial and other information as the Foreign-Addressed Shareholder and/or his transferees and/or his renounees deem necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renounee's decision to subscribe for or purchase the ICPS; and
- (vi) the Foreign-Addressed Shareholder and/or his transferees and/or his renounees has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the ICPS, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the ICPS.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY ICPS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

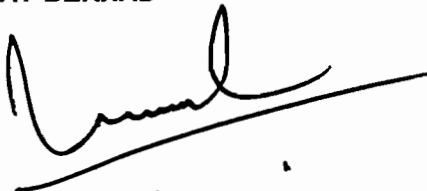
11. TERMS AND CONDITIONS

The issuance of the ICPS pursuant to the Rights Issue of ICPS is governed by the terms and conditions as set out in this Abridged Prospectus, the NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendices for further information.

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



TAN SRI DATO' (DR.) CHEW CHEE KIN
President, Non-Independent Executive Director

INFORMATION ON OUR COMPANY**1. PRINCIPAL ACTIVITIES**

Our Company is an investment holding company, where through our subsidiaries, we engage in property development, property investment, construction, healthcare, leisure, hospitality, trading and manufacturing, quarry, building materials and other businesses. Our Company operates in various countries, which include, Malaysia, Singapore, China, Australia and United Kingdom.

2. SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at the LPD, the issued share capital of our Company is RM5,393,667,218 comprising 4,933,931,767 Shares (including 37,308,865 treasury shares).

Please refer to Section 8.3 of this Abridged Prospectus for information on our Company's substantial Shareholders' shareholdings before and after the Rights Issue of ICPS.

3. DIRECTORS

The details of our Board as at the LPD are set out in the table below:

Name	Designation	Age	Address	Nationality
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	Executive Chairman / Non-Independent Executive Director	75	36, Lorong Bukit Pantai Lapan Pantai Hill 59100, Kuala Lumpur	Malaysian
Dato' Sri Idris Jala	Non-Executive Co-Chairman / Independent Non-Executive Director	62	No. 28, Jalan USJ 2/2N Sime UEP Subang Jaya 47600, Subang Jaya Selangor	Malaysian
Tan Sri Datuk Seri Razman M Hashim	Deputy Executive Chairman / Non-Independent Executive Director	81	No. 18, Jalan Palong The Mines Resort City 43300, Seri Kembangan Selangor	Malaysian
Tan Sri Dato' (Dr.) Chew Chee Kin	President / Non-Independent Executive Director	75	No. 5, Pinggiran Golf Saujana Resort Seksyen U2 40150, Shah Alam Selangor	Malaysian
Sarena Cheah Yean Tih s.m.s	Executive Director / Non-Independent Executive Director	46	36, Lorong Bukit Pantai Lapan Pantai Hill 59100, Kuala Lumpur	Malaysian
Tan Sri Dato' Dr. Lin See Yan	Independent Non-Executive Director	81	No. 21, Jalan Setiamurni 2 Damansara Heights 50490, Kuala Lumpur	Malaysian
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	Independent Non-Executive Director	63	Apt A-16-01, Sunway Palazzio Jalan Sri Hartamas 3 Taman Sri Hartamas 50480, Kuala Lumpur	Malaysian
Philip Yeo Liat Kok	Independent Non-Executive Director	74	55, West Coast Park 127662, Singapore	Singaporean
Datuk Tong Poh Keow	Independent Non-Executive Director	65	2, Jalan SS21/21 Damansara Utama 47400, Petaling Jaya Selangor Darul Ehsan	Malaysian

INFORMATION ON OUR COMPANY (CONT'D)

Save as disclosed below, none of our Directors have any direct and/or indirect shareholding in our Company as at the LPD. For illustrative purposes only, the pro forma effects of the Rights Issue of ICPS on the shareholding of our Directors based on our Record of Depositors as at the LPD are as below:

Minimum Scenario

	As at the LPD		(1)		After the 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	115,206,913	2.35	2,964,002,520 ⁽²⁾	60.53	115,206,913	2.35	2,964,002,520 ⁽²⁾	60.53
Tan Sri Datuk Seri Razman M Hashim	3,613,524	0.07	-	-	3,613,524	0.07	-	-
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	0.43	1,564,862 ⁽³⁾	0.03	21,038,466	0.43	1,564,862 ⁽³⁾	0.03
Sarena Cheah Yeap Tih s.m.s	5,248,592	0.11	3,069,768,417 ⁽⁴⁾	62.69	5,248,592	0.11	3,069,768,417 ⁽⁴⁾	62.69
Tan Sri Dato' Dr Lin See Yan	1,000,000	0.02	-	-	1,000,000	0.02	-	-

INFORMATION ON OUR COMPANY (CONT'D)

	(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	135,199,955	2.45	3,556,803,020 ⁽²⁾	64.56
Tan Sri Datuk Seri Razman M Hashim	3,613,524	0.07	-	-
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	0.38	1,564,862 ⁽³⁾	0.03
Sarena Cheah Yean Tih s.m.s	6,298,310	0.11	3,680,673,203 ⁽⁴⁾	66.81
Tan Sri Dato' Dr Lin See Yan	1,000,000	0.02	-	-

Notes:

- (1) Based on the number of Shares in issue of 4,896,622,902 Shares (excluding treasury shares) as at the LPD.
- (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 by virtue of shareholdings held through spouse.
- (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.

INFORMATION ON OUR COMPANY (CONT'D)**Maximum Scenario**

	As at the LPD				(1) 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	115,206,913	2.35	2,964,002,520 ⁽²⁾	60.53	147,773,712	2.66	3,373,342,353 ⁽²⁾	60.63
Tan Sri Datuk Seri Razman M Hashim	3,613,524	0.07	-	-	4,068,965	0.07	-	-
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	0.43	1,564,862 ⁽³⁾	0.03	23,690,113	0.43	1,762,094 ⁽³⁾	0.03
Sarena Cheah Yean Tih s.m.s	5,248,592	0.11	3,069,768,417 ⁽⁴⁾	62.69	5,910,114	0.11	3,510,485,122 ⁽⁴⁾	63.09
Tan Sri Dato' Dr Lin See Yan	1,000,000	0.02	-	-	1,000,000	0.02	-	-

INFORMATION ON OUR COMPANY (CONT'D)

	(II)			(III)		
	After (I) and the 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 (%)	No. of Sunway Shares (%)	No. of Sunway Shares (%)	
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	147,773,712	3,373,342,353 ⁽²⁾	60.63	177,328,454	4,048,010,821 ⁽²⁾	60.63
Tan Sri Datuk Seri Razman M Hashim	4,068,965	-	-	4,882,757	-	-
Tan Sri Dato' (Dr.) Chew Chee Kin	23,690,113	1,762,094 ⁽³⁾	0.03	28,428,135	2,114,513 ⁽³⁾	0.03
Sarena Cheah Yean Tih s.m.s	5,910,114	3,510,485,122 ⁽⁴⁾	63.09	7,092,136	4,212,582,144 ⁽⁴⁾	63.09
Tan Sri Dato' Dr Lin See Yan	1,000,000	-	-	1,200,000	-	-

Notes:

- (1) Based on the number of Shares in issue of 4,896,622,902 Shares (excluding treasury shares) as at the LPD.
- (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 by virtue of shareholdings held through spouse.
- (4) Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd, spouse and parent.

INFORMATION ON OUR COMPANY (CONT'D)**4. HISTORICAL FINANCIAL INFORMATION**

Our audited consolidated financial statements for the FYE 31 December 2017 to FYE 31 December 2019, and our most recently announced unaudited quarterly report on consolidated financial statements for the 6-month FPE 30 June 2020, together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities (<http://www.bursamalaysia.com>):

	<u>Pages</u>
Our annual report for the FYE 31 December 2019:	
Statements of profit or loss and comprehensive income	202 to 203
Statements of financial position	204 to 207
Statements of changes in equity	208 to 211
Statements of cash flows	212 to 215
Notes to the financial statements	216 to 389
Our annual report for the FYE 31 December 2018:	
Statements of profit or loss and comprehensive income	157 to 158
Statements of financial position	159 to 161
Statements of changes in equity	162 to 164
Statements of cash flows	165 to 169
Notes to the financial statements	170 to 327
Our annual report for the FYE 31 December 2017:	
Statements of profit or loss and comprehensive income	159 to 160
Statements of financial position	161 to 163
Statements of changes in equity	163 to 166
Statements of cash flows	167 to 171
Notes to the financial statements	172 to 323
Our unaudited quarterly report on consolidated financial statements for the 6-month FPE 30 June 2020:	
Condensed consolidated statements of comprehensive income	1 to 4
Condensed consolidated statements of financial position	5
Condensed consolidated statements of changes in equity	6
Condensed consolidated statements of cash flows	7
Notes to the financial statements	8 to 27

INFORMATION ON OUR COMPANY (CONT'D)**5. HISTORICAL SHARE PRICES**

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

Month	Highest RM	Lowest RM
2019		
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	1.40
July	1.45	1.35
August	1.40	1.29
September	1.44	1.37
October	1.40	1.34
Last transacted market price on 22 May 2020, being the last Market Day immediately before the first announcement of the Rights Issue of ICPS on 27 May 2020		1.53
Last transacted market price as at the LPD		1.40
Last transacted market price on 4 November 2020, being the last Market Day immediately before the ex-date for the Rights Issue of ICPS		1.32

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for 629,958,045 Warrants, which entitles our registered Warrant holders to subscribe for new Shares at the price of RM1.65 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 provision of the Deed Poll, no other option to subscribe for the Shares has been granted or is entitled to be granted to any person. In accordance with the Deed Poll, the exercise price of the Warrants will be adjusted to RM1.56 and 39,597,363 additional Warrants as set out in Section 8.6 of this Abridged Prospectus.

INFORMATION ON OUR COMPANY (CONT'D)**7. MATERIAL CONTRACTS**

Save as disclosed below, there are no other subsisting material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group during the two years preceding the date of this Abridged Prospectus:

- (i) Shareholders' agreement dated 26 October 2018 entered into between SunwayMas Sdn Bhd ("**SunwayMas**"), a wholly-owned subsidiary of Sunway Holdings Sdn Bhd which in turn is a wholly owned subsidiary of our Company, Perkasa Bernas (M) Sdn Bhd ("**Perkasa**"), a subsidiary of MKH Berhad, and Daksina Harta Sdn Bhd for the purpose of jointly developing a mixed development on the freehold land held under Geran 47813, Lot No. 1, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor and regulating the respective rights of SunwayMas and Perkasa as shareholders of Daksina Harta Sdn Bhd.
- (ii) Sale and purchase agreement dated 30 November 2018 entered into between Lim Suan (as vendor) and Emerald Tycoon Sdn Bhd ("**Emerald Tycoon**"), a wholly-owned subsidiary of Sunway City Sdn Bhd which in turn is a wholly owned subsidiary of our Company, to acquire all that piece of vacant leasehold land held under Pajakan Mukim 39252 Lot 14002, Mukim Dengkil, Daerah Sepang, Negeri Selangor for a purchase consideration of RM88 million. The acquisition was completed on 21 March 2019 in accordance with the terms and conditions of the sale and purchase agreement.
- (iii) Final settlement agreement dated 19 November 2018 ("**Settlement Agreement**") entered into between Al Tamouh Investments Company LLC ("**Al Tamouh**"), and IJM Construction Sdn Bhd, Sunway Builders Sdn Bhd, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd (collectively known as "**the Consortium**") and IJM Sunway Sdn Bhd ("**IJM Sunway**") for the termination of a musataha contract entered into between Al Tamouh Investments LLC and IJM Sunway ("**Musataha Contract**"). Under the Musataha Contract, Al Tamouh has granted IJM Sunway the right to develop (*Musataha rights*) a piece of vacant land held under Plot RT4-C11b, Al Reem Island, Abu Dhabi, UAE ("**Development Rights**"). Al Tamouh and IJM Sunway entered into the Settlement Agreement to cancel the Development Rights by terminating the Musataha Contract for a settlement sum of AED 62,142,090 (equivalent to RM70.30 million, based on Bank Negara Malaysia's exchange rate of AED1:RM1.1313 as at the LPD) payable by Al Tamouh to IJM Sunway. As at the LPD, the Settlement Agreement is pending completion.
- (iv) Sale and purchase agreement dated 24 December 2018 entered into between Sunway Destiny Sdn Bhd ("**Sunway Destiny**"), a wholly-owned subsidiary of Sunway City Sdn Bhd, which in turn is a wholly owned subsidiary of our Company (as vendor) and RHB Trustees Berhad (as trustee for Sunway REIT) (as purchaser) to dispose (i) all pieces of leasehold lands held under H.S.(D)118326 PT 1905, H.S.(D) 118325 PT1904, and H.S.(D) 118332 PT 2, Bandar Sunway, Daerah Petaling, Negeri Selangor ("**Lands**") and (ii) the identified buildings erected on the Lands, for a disposal consideration of RM550 million. The disposal was completed on 15 April 2019 in accordance with the terms and conditions of the sale and purchase agreement.
- (v) Share sale agreement dated 29 March 2019 entered into between Datin Sri Lau Lai San, Chu Yuen Leng and Chu Yuen Mun (as vendors) and Sunway Holdings Sdn Bhd, a wholly owned subsidiary of our Company ("**Sunway Holdings**") (as purchaser), to acquire 1,000,000 ordinary shares in Blacktop Industries Sdn Bhd ("**BISB**") in 2 tranches for an indicative purchase consideration of RM70,091,545.77. The first tranche of the acquisition which comprises the acquisition of 60% equity interest in BISB for a purchase consideration of RM42,054,927.46 was completed on 25 July 2019. As at the LPD, the second tranche of the acquisition is pending completion.

INFORMATION ON OUR COMPANY (CONT'D)

- (vi) Share sale agreement dated 3 June 2019 ("**Dolomite SSA**") entered into between Dolomite Industries Company Sdn Bhd ("**DIC**"), a subsidiary of Dolomite Corporation Berhad (as vendor) and Sunway Holdings (as purchaser), to acquire 100 ordinary shares in Dolomite Granite Quarry Sdn Bhd ("**DGQSB**") representing 100% of its total share capital ("**DGQSB Sale Shares**") together with 4 parcels of leasehold lands measuring approximately 784 acres ("**Dolomite Lands**") and the plant and machinery located on the Dolomite Lands but excluding premix plant, mobile machinery and equipment, and stocks located on the Dolomite Lands as listed in the share sale agreement ("**Plant and Machinery**"), for a purchase consideration of RM125,000,100 (comprising of a cash amount of RM100 for the DGQSB Sale Shares together with payment of advances amounting to RM125,000,000 by Sunway Holdings to DIC towards payment of the purchase price of the Dolomite Lands together with the Plant and Machinery pursuant to a sale and purchase agreement dated 27 December 2018 entered into between DIC and DGQSB) ("**Dolomite SSA**").

The parties had subsequently entered into a letter agreement dated 12 December 2019 and a supplemental letter dated 30 June 2020 to amend and vary certain terms and conditions of the Dolomite SSA to, amongst others, extend the cut-off date for the fulfilment of the conditions precedent in the Dolomite SSA until 31 December 2020 or further extension at Sunway Holdings' absolute election and discretion, until such time that all the conditions precedent under the Dolomite SSA are fulfilled (if required). The acquisition was completed on 11 September 2020 in accordance with the terms and conditions of the Dolomite SSA.

- (vii) Joint venture agreement dated 29 June 2019 entered into between Hoi Hup Realty Pte Ltd ("**Hoi Hup Realty**") and Sunway Developments Pte Ltd ("**Sunway Developments**") for the purpose of regulating the relationship between Sunway Developments and Hoi Hup Realty under the joint venture company named Hoi Hup Sunway Tampines J.V. Pte Ltd, which has been nominated as the developer to carry out the executive condominium housing development on a land parcel at Tampines Avenue 10 (Lot 7545K MK28), Tampines, Singapore.
- (viii) Privatisation agreement dated 1 July 2019 entered into between Sunway PKNS Sdn Bhd, a 60%-owned subsidiary of Sunway City Sdn Bhd (a wholly-owned subsidiary of our Company) ("**Sunway PKNS**") and Perbadanan Kemajuan Negeri Selangor ("**PKNS**"), under which PKNS (as registered proprietor) grants Sunway PKNS the right to develop a piece of leasehold land held under PN97868 Lot 50202, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor, for a total consideration of RM124,600,000 payable by Sunway PKNS to PKNS in accordance with the terms and conditions of the privatisation agreement.
- (ix) Shareholders agreement dated 14 January 2020 entered into between Sunway Re Capital Pte Ltd ("**Sunway Re Capital**"), Elite Partners Holdings Pte Ltd ("**Elite Partners**") and Elite Commercial REIT Management Pte Ltd ("**Elite REIT**") for the purpose of setting out the terms governing the relationship between Sunway Re Capital and Elite Partners as shareholders of Elite REIT, as manager for Elite Commercial REIT.

INFORMATION ON OUR COMPANY (CONT'D)

- (x) Sale and purchase agreement dated 29 June 2020 entered into between Sunway Integrated Properties Sdn Bhd (as first vendor), Sunway Pinnacle Sdn Bhd (as second vendor), both of which are wholly-owned subsidiaries of Sunway City Sdn Bhd which in turn is a wholly-owned subsidiary of our Company, and RHB Trustees Berhad, being the trustee of Sunway REIT (as purchaser), in respect of the disposal of (i) a piece of leasehold land held under PN 17103, Lot No. 61759, Town of Sunway, District of Petaling, State of Selangor from the first vendor and (ii) a building comprising of a 24-storey office building with three-storey mezzanine floors and 6 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 the second vendor for a cash consideration of RM450.0 million. As at the LPD, the sale and purchase agreement is pending completion and remains conditional upon the fulfillment of certain conditions precedent.

8. 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 RM50.55 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 RM44.31 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.

INFORMATION ON OUR COMPANY (CONT'D)

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 RM7.28 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 RM7.69 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 3 December 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, are unable to give a precise estimation of the possibility of success.

However, if such petition to set aside the arbitral award is unsuccessful, it will not have an adverse impact on our business as we have provided for the full amount of the arbitral award that is now deposited with the High Court of New Delhi.

Note:

(1) Based on Bank Negara Malaysia's exchange rate of INR1:RM0.0567 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.

INFORMATION ON OUR COMPANY (CONT'D)

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 PNSB's Claim but such application was dismissed by the High Court on 30 October 2020.

PNSB's Claim is fixed for case management on 16 December 2020 for the parties to obtain directions from the High Court to proceed with trial.

The solicitors acting for SunCon are of the view that PNSB's Claim is excessively inflated and speculative. The solicitors are of the view that PNSB is extremely unlikely to succeed in PNSB's Claim.

We have not made provision for PNSB's Claim in our accounts after taking into consideration the favourable opinion given by the solicitors with regards to the probable outcome of PNSB's Claim. Should the outcome of PNSB's Claim be unfavourable to the Defendants, there may potentially be a material adverse impact on our Group's financial position or performance.

(c) **Metroplex Holdings Sdn Bhd ("Metroplex") v RHB Trustees Berhad (as trustees for Sunway REIT) and Sunway REIT Management Sdn Bhd (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 3 March 2021 and the hearing for the Appeal is fixed on 31 March 2021 respectively.

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

We have not made provision for the Appeal in our accounts after taking into consideration the favourable opinion given by the solicitors with regards to the probable outcome of resisting the Appeal. Should the outcome of the Appeal be unfavourable to the Defendants, there may potentially be a material adverse impact on our Group's financial performance.

SALIENT TERMS OF THE ICPS

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 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.
Dividend Rate	:	Subject to the availability of profit, we shall at the discretion of our Board pay Preferential Dividend. Such Preferential Dividend may be paid out of our Company's retained or current financial year profits (" Profits ").

If our 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.

For avoidance of doubt for Shariah purposes, the passing of a resolution at an EGM of our ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of the Preferential Dividend to be decided by our Board.

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.

SALIENT TERMS OF THE ICPS (CONT'D)

The ICPS shall not confer any further rights of participation in the profits of our Company and for the avoidance of doubt, ICPS holders shall not be entitled to receive any Profits over and above the Preferential Dividend declared by our Board.

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 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 by ICPS holders 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 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 : RM1.00 per Sunway Share, subject to any applicable adjustments as set out below.

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

SALIENT TERMS OF THE ICPS (CONT'D)

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 : 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:

- (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.

For avoidance of doubt for Shariah purposes, the passing of a resolution at an EGM of our ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of the Preferential Dividend, to be decided by our Board.

If there is a liquidation or winding-up of our Company:

- (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.

For avoidance of doubt for Shariah purposes, the passing of a resolution at an EGM of our ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of assets upon the liquidation or winding up of our Company, to be decided by our Board.

Ranking and rights of Conversion Shares : 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.

SALIENT TERMS OF THE ICPS (CONT'D)

- Modification of rights of the ICPS** : 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.
- 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.
- Right to receive notices and reports and to attend meetings** : 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.
- Voting rights** : 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:
- (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.
- 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.
- 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 Rules of Bursa Depository. The ICPS shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act 1991 and Rules of Bursa Depository.
- Governing law** : Laws of Malaysia.

ADDITIONAL INFORMATION

1. CONSENTS

Our Sole Principal Adviser, Share Registrar for the Rights Issue of ICPS, Reporting Accountants, Solicitors for the Rights Issue of ICPS, Shariah Adviser for the Rights Issue of ICPS and Bloomberg have given and have not subsequently withdrawn their written consents before the issuance of this Abridged Prospectus for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

2. DECLARATION OF CONFLICT OF INTEREST BY RHB INVESTMENT BANK

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.

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 the our Group.

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 Group. 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.

As at the LPD, RHB Banking Group has offered various facilities ("**Facilities**") with a combined limit of RM1,140.1 million to our Group. 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 Rights Issue of ICPS as:

- (i) the Facilities provided by RHB Banking Group are on an arms' length basis and represent 4.4% 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 Bank Berhad (as part of RHB Banking Group) are not conditional upon RHB Investment Bank being appointed as the Sole Principal Adviser for the Rights Issue of ICPS or upon any other proposal(s) being undertaken by any entity(ies) within RHB Banking Group;

ADDITIONAL INFORMATION (CONT'D)

- (iii) RHB Investment Bank is a licensed investment bank and its appointment as the Sole Principal Adviser for the Rights Issue of ICPS is in its ordinary course of business. RHB Investment Bank does not have any interest in the Rights Issue of ICPS other than as the 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 the Sole Principal Adviser for the Rights Issue of ICPS;
- (iv) there is no intention on the part of our Group to repay any of the Facilities utilising any of the proceeds of the Rights Issue of ICPS;
- (v) 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 Rights Issue of ICPS 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
- (vi) 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.

As at the LPD, RHB Banking Group does not hold for its own account any of the commercial papers issued by our Group which are disclosed in Section 5 of this Abridged Prospectus. However, as stated in Note (2) of Section 5 of this Abridged Prospectus, after the LPD, our Group may amongst others, issue new tranches of commercial papers from time to time. It is possible that the RHB Banking Group may in its ordinary course of business subscribe for any of such new tranches of commercial papers for its own account. In such event, the proceeds of the Rights Issue of ICPS could potentially be utilised to redeem such new tranches of commercial papers held by RHB Banking Group which becomes due for redemption.

Save as disclosed above, RHB Investment Bank confirms that there is no circumstance that exists or is likely to exist to give rise to a conflict of interest situation in its capacity as the Sole Principal Adviser in relation to the Rights Issue of ICPS.

3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the 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) for a period of six months from the date of this Abridged Prospectus:

- (i) our Constitution;
- (ii) the Deed Poll.
- (iii) the Undertakings;
- (iv) our audited consolidated financial statements for the past three financial years, being FYEs 31 December 2017 to 2019 and our latest unaudited quarterly report on consolidated financial statements for the 6-month FPE 30 June 2020;

ADDITIONAL INFORMATION (CONT'D)

- (v) the material contracts referred to in Section 7 of Appendix I;
- (vi) the relevant cause papers for the material litigation referred to in Section 8 of Appendix I;
- (vii) the Shariah Pronouncement Letter; and
- (viii) the letters of consent referred to in Section 1 of Appendix III.

4. RESPONSIBILITY STATEMENT

- (i) Our Board has seen and approved all the documentation relating to this Rights Issue of ICPS. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statements or other facts which if omitted, would make any statement in this Abridged Prospectus false or misleading.
- (ii) RHB Investment Bank, being our Sole Principal Adviser for the Rights Issue of ICPS, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue of ICPS.

SHARIAH PRONOUNCEMENT LETTER

*Sunway Berhad
Shariah Pronouncement*

SHARIAH PRONOUNCEMENT

*In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing upon
The Prophet of Allah, on his family and all his companions*

**SUNWAY BERHAD
("SUNWAY" OR "COMPANY")**

**RENOUNCEABLE RIGHTS ISSUE OF NEW ISLAMIC IRREDEEMABLE CONVERTIBLE
PREFERENCE SHARES ("ICPS") IN SUNWAY AT AN ISSUE PRICE OF RM1.00 PER ICPS ON THE
BASIS OF ONE ICPS FOR EVERY FIVE EXISTING ORDINARY SHARES IN THE COMPANY
("RIGHTS ISSUE OF ICPS")**

I, Dr Aznan Hasan as the Shariah Adviser (the "**Shariah Adviser**") has reviewed the structure and mechanism in respect of the ICPS to be issued by the Company as described in the salient terms and conditions of the ICPS.

Unless stated otherwise, the defined terms used in this Shariah Pronouncement shall have the same meaning as those in the salient terms of the ICPS.

1. STRUCTURE AND MECHANISM

1. The holders of the ICPS shall invest directly into the Shariah-compliant general business of the Company ("**Business**") through the subscription of the ICPS to be issued by the Company.
2. The Company will issue the ICPS at an Issue Price of RM1.00 per ICPS to the Entitled Shareholders and/or their transferees and/or their renounees which have subscribed for the ICPS. The ICPS shall represent the undivided proportionate interest of the respective holders of the ICPS in the Business of the Company on *mal-musha'* basis.
3. Profits, subject to clauses 4,5 and 6 below, shall be distributed as preferential dividends to the holders of the ICPS in proportion to the respective capital contribution of the holders of the ICPS in the Business.
4. The maximum rate of the preferential dividend that can be declared and paid shall be capped at an indicative amount of 5.25% per annum calculated based on the Issue Price ("**Indicative Preferential Dividend Amount**"). In the event that the Profits is less than the Indicative Preferential Dividend Amount, the Company may, at its sole discretion but without obligation, utilise the retained earnings to declare and distribute Preferential Dividends up to the Indicative Preferential Dividend Amount.

The ICPS holders shall not be entitled to receive any Profits over and above the Preferential Dividend declared by the Board.

5. 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.

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No Ordinary Dividend shall be declared 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 ordinary shares and other classes of preference shares of the Company. For avoidance of doubt for Shariah purposes, the passing of a resolution at an extraordinary general meeting of ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of the Preferential Dividend to be decided by the Board.

6. 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:
- (i) upon the winding-up, liquidation or dissolution of the Company. Accordingly, the ICPS holders shall (by the decision of the Board at the relevant time on their behalf), waive all undeclared dividends; and
 - (ii) upon the mandatory conversion of the ICPS to new Sunway 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 the Company and for the avoidance of doubt, ICPS holders shall not be entitled to receive any Profits over and above the Preferential Dividend declared by the Board.

7. 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 the Company but shall rank behind all secured and unsecured obligations of the Company, except that the ICPS:
- (i) will not be entitled to any rights, allotments and/or other distributions that may be declared by the Company for the ordinary shares; and
 - (ii) carries no right to vote at any general meeting of the Company save for the voting rights as set out in the salient terms of the ICPS.

For avoidance of doubt for Shariah purposes, the passing of a resolution at an extraordinary general meeting of ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of the Preferential Dividend to be decided by the Board.

8. If there is a liquidation or winding-up of the Company:
- (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 ordinary shares of the 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 the Company; and

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

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- (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.

For avoidance of doubt for Shariah purposes, the passing of a resolution at an extraordinary general meeting of ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of assets upon the liquidation or winding up of the Company, to be decided by the Board.

9. The ICPS are convertible in the following manner:

- (i) 50% of the outstanding ICPS shall be mandatorily converted into new Sunway Shares on the 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 by ICPS holders 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.

The Company 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.

10. 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 the 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 volume weighted average price of Sunway Shares immediately before the price-fixing date,

subject to any applicable adjustments to the Conversion Price. 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 the Board before the Entitlement Date.

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

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2. KEY SHARIAH HIGHLIGHTS

The Shariah Adviser wishes to highlight the following:

2.1 Issuance of ICPS by the Company

In this issuance, Sunway shall issue ICPS at an Issue Price of RM1.00 per ICPS to the entitled shareholders and/or their transferees and/or their renounees which have subscribed for the ICPS. The ICPS shall represent the undivided proportionate interest of the respective holders of the ICPS in the Business of the Company on *mal-musha'* (pro rata) basis which refers to joint ownership over an asset or business on undivided and proportionate basis. Thus, entitling the holders of ICPS to the share of income from the Business of the Company based on their proportionate ownership. The Shariah Advisory Council of the Securities Commission Malaysia ("SAC") has deliberated issues on *mal musha'* relating to "Determination of Joint-Ownership Rate Over an Asset Which is Physically Undivided" wherein the SAC had resolved that there is no Shariah issue with regards to the ownership over *mal musha'* which is determined via specific percentage¹. I am of the view such permissibility of investment in assets on *mal musha'* basis is also applicable to investment in Shariah-compliant business as well, as applied in this issuance.

2.2 Preferential Dividend

At its 20th meeting on 14 July 1999, the SAC resolved that the basic preference share (non-cumulative) is permissible based on *tanazul*². In the context of preference shares, *tanazul* means surrendering the rights to a share of the profits based on partnership, by giving priority to preference shareholders. It is also known as *isqat haq* in Islamic jurisprudence³.

The SAC also resolved that preference shares are classified as Shariah-compliant securities provided that⁴:

- (i) the underlying shares are classified as Shariah-compliant securities; and
- (ii) the preference shares are non-cumulative based on the concept of *tanazul*.

With regards to the ICPS, the underlying shares (being Sunway Shares) are classified as Shariah-compliant securities and the ICPS is also issued on non-cumulative basis. Hence, the Shariah Adviser sees no Shariah issues in the issuance of ICPS by the Company.

¹ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2019, page 102, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

² Resolutions of the Securities Commission Shariah Advisory Council Securities Commission, Malaysia, 2nd edition, 1st reprint, 2007, p. 92

³ Ibid, p. 93

⁴ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2019, page 138, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

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The ICPS is non-cumulative as any Preferential Dividend which has not been declared for a particular year, such undeclared Preferential Dividend would not be accumulated to subsequent years. As specified in the "Dividend Rate" terms of the ICPS, the Preferential Dividend shall only be cumulative in the event that it has been declared by the Board and remain payable. This is unlike cumulative preference shares, where any preferential dividends which have not been declared for a particular year will be accumulated to subsequent years.

Also, from the Shariah point of view, the contracting parties are allowed to agree to give certain priority to other parties including the distribution of dividends provided that the arrangement is done when the profit is realised and consent is obtained from the contracting parties. This mutual agreement is based on the concept of mutual consent (*al-Taraadhi*) as mentioned in the following Quranic verse (4:29):

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ

'O you who have believed, do not consume one another's wealth (unjustly) except that it be trading by your mutual consent...'

Dividend:

The ICPS shall carry the right to receive the Indicative Preferential Dividend Amount on a semi-annual basis at the discretion of the Board and subject to availability of Profits. Profits shall be distributed as preferential dividends to the ICPS holders in proportion to the respective capital contribution of the ICPS holders in the Business. The preferential dividend of 5.25% is only indicative and to be declared at the absolute discretion of the Board, subject to the availability of Profits. Accordingly, there is a possibility that the Board may declare preferential dividends to the ICPS holders at a rate which is lower than 5.25%.

From Shariah point of view, the parties may agree on how the dividend distribution is to be made, as long as the practice of dividend distribution does not guarantee the dividend or preclude other parties from receiving the dividend.

In this issuance, the distribution of dividend will be made subject to the availability of the distributable profit. Hence, this practice does not tantamount to guaranteeing the profit to the ICPS holders.

Furthermore, by the holders subscribing to the ICPS, they have agreed upfront that their indicative preferential dividend rate per annum is capped at 5.25%, thus the ICPS holders shall not be entitled to receive any Profits over and above this rate which is to be declared at the discretion of the Board. Hence, the Board has no obligation to declare or pay the Preferential Dividend in excess of the stipulated indicative Preferential Dividend of 5.25% per annum in the event that the profit generated by the Company is more than 5.25% per annum and the holders of the ICPS have in effect waived their right to receive any profit generated which is more than 5.25% per annum.

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

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The above is stipulated in the salient terms of the ICPS under 'Dividend Rate' approved by the shareholders of Sunway:

"The ICPS shall not confer any further rights of participation in the Profits of the Company and for the avoidance of doubt, ICPS holders shall not be entitled to receive any Profits over and above the Preferential Dividend declared by the Board."

Since this arrangement is done with this mutual consent, the Shariah Adviser believes that there shall be no Shariah issue in this practice.

It should be noted that in this issuance, though the declaration of Preferential Dividend will only be made from the available profits for the financial year, the Board may also declare dividend out of retained earnings of the Company. This declaration is only made at the sole discretion of the Board, without any compulsion. From Shariah point of view, the retained earnings pre issuance of the ICPS belongs to the Company. Hence, it has all the right to give it to the holders of ICPS as *hibah* (gift). The Shariah Adviser believes since this *hibah* is at the discretion of the Board and without compulsion, there is no Shariah issue that may rise from this practice.

Each ICPS holder will cease to receive any Preferential Dividends from and including the date the ICPS is converted into ordinary shares of the Company save for preferential dividends declared but unpaid up to the date of the conversion notice. The Preferential Dividend declared and in arrears that remain unpaid will remain payable in the subsequent periods until it has been fully paid.

From Shariah point of view, once the dividend is declared, it has become a debt owed by the Company to the holders of ICPS. Hence, it is obligatory upon the Company to pay the dividends that remains in arrears. This practice is in compliance with the Shariah principles which oblige the payment of debt by the debtor to the creditor. There are evidences from al-sunnah which condemn those who refused to pay the debt. Among others, the Prophet mentioned⁵:

مطل الغني ظلم وإذا أتبع أحدكم على مليء فليتبعه

"It is an act of oppression on the part of a person to procrastinate in fulfilling his obligation; if the repayment of a debt due to any of you is undertaken by a rich person, you should agree to the substitution."

The Preferential Dividend in arrears that remain unpaid till the conversion date will remain payable subsequent to the mandatory conversion of the ICPS and would not be factored in the Conversion Price. There will be no compounding effects on the Preferential Dividend in arrears that remain unpaid. The Shariah Adviser believes that, since the declared Preferential Dividend has become a debt by the Company towards the holders of ICPS, this arrangement would not raise any Shariah issues as long as its payment is on non-compounding basis.

⁵ Hadith narrated by al-Bukhari and Muslim.

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Preferential Dividend shall not however be payable to the holders of ICPS if the 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 the Company. Accordingly, the ICPS holders shall (by the decision of the Board at the relevant time on their behalf), waive all undeclared dividends; and
- (ii) upon the mandatory conversion of the ICPS to new Sunway 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

From Shariah point of view, the holders of ICPS shall not be entitled to the dividend if it is undeclared. This non-entitlement should also cover the situation of undeclared dividends for liquidation or winding-up of the Company. Similarly, holders of ICPS shall not be entitled to receive any undeclared dividend after the conversion of the ICPS into Sunway Shares.

The Shariah Adviser believes that the holders of ICPS' waiver of their right to the undeclared dividends does not contradict any Shariah principles, because it is in line (in substance) with the Shariah principles. Any Preferential Dividend that is undeclared may fall within two scenarios as follows:

- (i) in the event that there is no available Profits the Board is unable to distribute any dividends which is in accordance with the Companies Act 2016; and
- (ii) in the event that there are available Profits but the Board decides not to distribute the dividend. In such event, the available profit shall be retained in the Company, and may be utilised by the Company to strengthen the Company's financial position, which in turn will benefit the ordinary shareholders of the Company and holders of ICPS. Hence, the non-declaration of dividend in this situation would not jeopardise the right of the holders of ICPS for the benefit of ordinary shareholders.

Since the holders of ICPS have agreed to this arrangement and this arrangement, from Shariah point of view, does not lead to any act of injustice to any of the shareholders, the Shariah Adviser believes that this arrangement should not pose any Shariah issue.

2.3 Use of proceeds

The proceeds to be raised by the Company from the issuance of the ICPS will be used in a Shariah-compliant manner. The proceeds shall be used for the repayment of borrowings, capital expenditure to expand and develop hospitals, property development and property investments expenditure and to defray estimated expenses for the proposed issuance of ICPS.

2.4 Ranking of ICPS against the holders of ordinary shares of the Company

- (i) Ranked equally amongst the ICPS, without discrimination, preference or priority amongst themselves in all respects;

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- (ii) Ranked in priority to the holders of ordinary shares in the Company at the point of distribution, in respect of payment of dividends and payment out of assets of the Company upon any liquidation or winding-up of the Company, provided always that the Board approves such payment of dividends and payment out of assets of the Company in priority of payment to the holders of ICPS. For avoidance of doubt for Shariah purposes, the passing of a resolution at an extraordinary general meeting of the ordinary shareholders approving the Right Issue of ICPS constitutes their agreement on the priority of distribution (at the point of distribution) of the payment of Preferential Dividend and payment out of assets of the Company to be decided by the Board; and
- (iii) Subordinated to all the secured and unsecured obligations of the Company's creditors in respect of payment of debt and payments out of assets of the Company upon any liquidation or winding up of the Company;

If there is a liquidation or winding-up of the Company:

- (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 ordinary shares of the 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 the Company; and
- (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.

For the avoidance of doubt for Shariah purposes, the passing of a resolution at an extraordinary general meeting of ordinary shareholders approving the Rights Issue of ICPS constitutes their agreement on the priority of distributions (at the point of distribution) of assets upon the liquidation or winding-up of the Company, to be decided by the Board. Further, pursuant to the terms of the ICPS which have been approved by the shareholders of Sunway, the ordinary shareholders have agreed on the priority of distribution of Preferential Dividend and assets, and such priority of distribution terms stipulates that the declaration of payment of Preferential Dividend shall be at the Board's discretion and that payment out of assets of the Company shall be according to a pre-determined manner of distribution which the Board is to give effect to. As such, the ordinary shareholders do not have any right to claim for rights to (i) Preferential Dividends in the event that the Board has determined (at the point of distribution) that distribution of Preferential Dividends to holders of ICPS are distributed in priority to ordinary shareholders; and (ii) priority of payment out of assets of the Company in the event of liquidation or winding-up of the Company, the Board has determined (at the point of distribution) that payment out of assets of the Company to holders of ICPS are in priority to ordinary shareholders as stipulated in the terms of the ICPS. The approval obtained from the shareholders of Sunway empowers and delegates the right to the Board to give effect to such terms of the ICPS and ordinary shareholders will not have any claim beyond what the Board determines and effects as payable out of profits and assets pursuant to such terms. The agreement for such priority of distribution is not an upfront *tanazul* as the priority of distribution of Preferential Dividends and payment out of assets is to be decided by the Board at the point of distribution.

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From Shariah point of view, the permissibility of such determined method of distribution of proceeds upon the liquidation or winding-up of the Company ("**Determined Method**") as mentioned above would be based on the following justifications:

- (i) Both parties (i.e. Company and the holders of ICPS) have agreed to adopt the Determined Method based on the concept of mutual consent (*al-Taraadhi*) which have taken into consideration the performance of the Business (i.e. availability of Profits for distribution). The agreed Determined Method is determined so as to avoid any future dispute or uncertainty in the computation of the proceeds payable to the holders of ICPS upon the liquidation or winding-up of the Company. The actual amount to be distributed will only be calculated and agreed by the Board upon the liquidation or winding-up of the Company; and
- (ii) The holders of ICPS are not devoid of all risks as the performance of the ICPS is still subject to the operation and performance of the Business, as such there are possibilities that there are insufficient or even assets for repayment of the principal amount invested by the holders of ICPS.

Furthermore, notwithstanding that the holders of the ordinary shares have approved for the holders of ICPS to have priority of rights to receive payment out of the assets of the Company upon liquidation or winding-up of the company as indicated in the terms of the ICPS, such approval shall only take effect upon occurrence of the liquidation or winding-up of the Company, and if the Board approves the priority of payment to the holders of ICPS. Such arrangement is acceptable from Shariah perspective as the approval of such priority only takes effect upon the occurrence of the relevant events and as approved by the Board.

The ordinary shareholders have agreed to the Determined Method, which gives priority of share of dividends and paid-up capital which is effective upon realisation of distributable proceeds (pursuant to liquidation of assets of the Company), to other parties including holders of the ICPS. The Shariah Adviser is of the opinion that there is no Shariah objection to the above arrangement as long as the parties agreed to such terms and conditions.

2.5 Voting

The 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:

- (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.

In any such case, the holders of ICPS shall be entitled to vote together with the holders of Sunway Shares and exercise one vote for each ICPS held.

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

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From Shariah point of view, it is allowed for the parties to agree that holders of ICPS shall have no right to vote in the general meeting, except when certain conditions are met, as long as this agreement is given out of their consent which has been provided upon the passing of the resolution at the extraordinary general meeting of ordinary shareholders approving the Rights Issue of ICPS.

2.6 Transferability

As the ICPS will be listed and quoted on the Main Market of Bursa Securities, they will be traded freely as per the trading rules of Bursa Securities.

As the ICPS is mal mutaqawwim (valuable asset) from Shariah point of view, it can be transferred via various mechanisms recognised by Shariah, which include sale, *hibah*, payment of liability arising from any transgression (التعويض عن الضرر), reconciliation with consideration (الصلح على المال), waqaf, and inheritance. As the ICPS are listed and quoted on the Main Market of Bursa Securities, the holders of ICPS shall be allowed to transfer (via various mechanism recognised in Shariah) his shares to any other person(s) including to trade it on the Main Market of Bursa Securities.

2.7 Conversion into Ordinary Shares

The ICPS are convertible in the following manner:

- (i) 50% of the outstanding ICPS shall be mandatorily converted into new Sunway Shares on the 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. The ICPS holders hereby agree to waive their right to receive the non-converted fractional entitlement upon conversion. 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.

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 volume weighted average price of Sunway Shares immediately before the price-fixing date,

subject to any applicable adjustments to the Conversion Price. 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.

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From Shariah point of view, it is allowed for the parties to agree on certain conversion mechanism, including the conversion price. Whatever they agree should be binding upon themselves and there is certain prohibition from the Shariah on any agreement provided that it is done with their free consent. Hence, the abovementioned arrangements are acceptable as long as the arrangement is agreed by the parties based on the following legal maxim:

”الأصل في العقد رضی المتعاقدين ونتيجته هي ما التزماء بالعقاد“⁶

“The original rule of a contract is the mutual consent or agreement by both contracting parties and the consequence of the contract is based on (rights and responsibilities) agreed in the contract.”

It should be noted that the determination of the conversion price would not lead to guaranteeing the capital of ICPS because though the conversion price has been determined upfront, the value of the ordinary shares of Sunway would vary from time to time.

2.8 Change of Shariah compliant status of the Company

In the event that the Company is declassified from the list of Shariah compliant companies by the SAC, the ICPS will also be declassified as Shariah compliant ICPS. In this situation, the holders of ICPS have the right to dispose the ICPS by following the SAC’s guide on the timing for the disposal of securities which have been classified as Shariah non-compliant.

The change of status of the Company from Shariah compliant to Shariah non-compliant can happen in two situations:

- (i) the status of the Company changes before the conversion to new ordinary shares; or
- (ii) the status of the Company remains as Shariah non-compliant until after the conversion to New ordinary shares.

On the date the Company is classified as Shariah non-compliant, and the value of the ICPS held exceeds the original investment cost (initial subscription price of the ICPS) the holders of ICPS must liquidate their proportionate holdings. Any capital gains arising from the disposal of the Shariah non-compliant ICPS can be kept by the investors.

However, any excess capital gains derived from the disposal after the announcement date, at a market price that is higher than the closing price on the announcement day, should be channeled to charitable bodies or *baitulmal*.

On the other hand, the holders of ICPS are allowed to hold their investment in the Shariah non-compliant ICPS if the market price of the said ICPS is below the original investment cost. It is also permissible for the holders of ICPS to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant ICPS held is equal to the original investment cost. At this stage, they are advised to dispose of their holdings.

⁶ Ahmad ibn Muhammad al-Zarqa', *Sharh al-Qawaid al-Fiqhiyyah*, page 482

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In the event that the value of the ICPS remains lower than its investment cost at the Maturity Date, then the ICPS will be converted into new ordinary shares. In this regard, the ordinary shareholders shall be allowed to hold such new ordinary shares until the total amount of dividends received and the market value of such ordinary shares held equal the original investment cost before disposing of such shares.

In addition, during the holding period, investors are allowed to subscribe for:

- (i) any issue of new securities by the Company, for example right issues, bonus issues, special issues and warrants excluding securities whose nature is Shariah non-compliant e.g. irredeemable convertible loan stock; and
- (ii) Shariah compliant securities of other companies offered by the Company, on condition that they expedite the disposal of the Shariah non-compliant securities.

From Shariah point of view, when the investors subscribe for the ICPS of the Company, they are fully aware that the Company is Shariah compliant. They are also aware that there is a possibility that the Shariah compliant status of the Company may change at a later stage. This situation is similar to investing in the ordinary shares of the Company where the Company is Shariah compliant at the point of investment as investors are aware that there is a possibility that the Shariah compliant status of the Company might change later. Investors should not be prevented from investing in the Company simply because there is a possibility that the Company's Shariah compliant status might change later. The legal maxim of this issue reads:

اليقين لا يزول بالشك

"Certainty is not dispelled with doubt"

Applying this maxim onto this situation, when the investors invested in the Company (either in ordinary shares or ICPS), the status of the Company was Shariah compliant. This is the certainty (*yaqin*) at such point in time. Hence, we should not prevent the investors from investing simply because there is a possibility that the Shariah compliant status of the Company might change. Such possibility is just a doubt (*shakk*) and there is no certainty that the status of the Company will change at a later period. Hence, the status of compliance shall prevail, because that is the certainty (*yaqin*) at such point in time. With that, the Shariah Adviser believes that there shall be no issue for the investors to subscribe to the ICPS as long as the Company is Shariah compliant at the point of subscription.

The most important measure is dealing with the ICPS (before conversion of the ICPS) or the new ordinary shares of the Company (after conversion of the ICPS) that the investors hold, upon the Company changing its status to Shariah non-compliant. From Shariah point of view, once the status of the Company changes to Shariah non-compliant, the investors are no longer allowed to hold shares of the Company. However, in this situation, the interest of the investors shall also be protected. There shall be no harm inflicted on them. The maxim in this case reads⁷:

"الضرر يزال"

"Injury is removed"

⁷ Majallat al-Ahkam al'Adliyyah, Article 20

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

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Therefore, when the Company changes its status to Shariah non-compliant, the disposal of the shares/ICPS shall take into consideration value of the shares/ICPS against the original cost of investing:

- (i) if the value of the shares/ICPS is equal to or more than the investment cost, then the investors should immediately dispose the shares/ICPS, as there is no harm for them in this situation.
- (ii) if the value of the shares/ICPS is less than the investment cost, to avoid inflicting harm unto them, they should be allowed to hold the shares until the price of the shares/ICPS (plus all the dividend that they received during such holding period) is equal to their investment cost. In this situation, they shall be responsible to dispose the shares/ICPS immediately. By doing so, we have been able to avoid inflicting harm on them.

The SAC has thoroughly discussed the issue of change of status of Shariah compliant securities to Shariah non-compliant securities on the appropriate guidance and solutions that should be given to investors on the timing to dispose securities that have been reclassified as Shariah non-compliant.

Reference is made to the SAC's resolution on Shariah-Compliant Securities which are Subsequently Reclassified as Shariah Non-Compliant Securities:

"The SAC had resolved, in respect of Shariah-compliant securities which have been reclassified as Shariah non-compliant securities on the date of the announcement of the List of Shariah compliant Securities takes effect, the timing for the disposal of such securities are as follows:

- (i) *If the market price of the said securities exceeds or is equal to the investment cost, investors who hold such Shariah non-compliant securities must dispose them off. Any dividends received up to date of the announcement and capital gains arising from the disposal of Shariah non-compliant securities on the date of the announcement can be kept by the investors. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the date of the announcement should be channelled to baitulmal and/or charitable bodies; and*
- (ii) *If the market price of the said securities is below the investment cost, the investors are allowed to hold their investment in the Shariah non-compliant securities until the investors receive the investment cost. It is also permissible for the investors to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the investors are advised to dispose of their holding.*

In addition, during the holding period of the Shariah non-compliant securities, the investors are also allowed to subscribe to:

- (i) *any issue of new securities by a company whose Shariah non-compliant securities are held by the investors, for example the investors subscribe to rights issues, bonus issues, special issues and warrants (excluding securities whose nature is Shariah non-compliant e.g. loan stocks); and*

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

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- (ii) *Shariah-compliant securities of other companies offered by the company whose Shariah non-compliant securities are held by the investors.*

If by taking the actions as specified in items (i) and (ii) above the investors manage to get back the investment cost, they must expedite the disposal of the Shariah non-compliant securities held.⁸

To further support this argument, in the case of transaction involving *niba'*, the creditor is allowed to claim from the debtor his original capital. By way of *isti'nas* (rule of thumb), when investors subscribe for the ICPS, the status of the Company was Shariah compliant. When the status of the Company changes, investors should be allowed to recover their investment cost. i.e. their original capital.

Based on this argument, the Shariah Adviser believes that the practice of permitting the investors to recover their original capital for investment should be allowed.

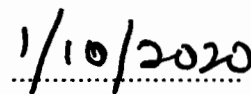
SHARIAH APPROVAL

Based on the foregoing, I, Dr Aznan Hasan, as the Shariah Adviser is of the view that the contract involved in the ICPS is in compliance with the principles of Shariah and hereby approves the ICPS subject to satisfactory documentation.

And Allah knows best.



Assoc Prof. Dr. Aznan bin Hasan



Date

⁸ Resolutions of the Securities Commission Shariah Advisory Council Securities Commission, Malaysia, 31 December 2019, pages 129 -130