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ATTACHED IS AN ELECTRONIC COPY OF THE INFORMATION MEMORANDUM (“**INFORMATION MEMORANDUM**”) DATED 29 JANUARY 2019, IN RELATION TO THE ISSUANCE OF ISLAMIC COMMERCIAL PAPERS (“**ICPs**”) AND/OR ISLAMIC MEDIUM TERM NOTES (“**IMTNs**”) UNDER THE SHARIAH PRINCIPLE OF *MUDHARABAH* (THE ICPs AND IMTNs ARE COLLECTIVELY REFERRED TO AS THE “**SUKUK MUDHARABAH**”) PURSUANT TO AN ISLAMIC COMMERCIAL PAPER/MEDIUM TERM NOTE PROGRAMME OF RM10.0 BILLION IN NOMINAL VALUE BY SUNWAY TREASURY SUKUK SDN BHD (“**ISSUER**”), WHICH IS A WHOLLY-OWNED SUBSIDIARY OF SUNWAY TREASURY SDN BHD (“**STSB**”) AND STSB IS IN TURN, A WHOLLY-OWNED SUBSIDIARY OF SUNWAY BERHAD (“**SUNWAY**” OR “**GUARANTOR**”). THIS PROPOSED SUKUK PROGRAMME WILL BE IRREVOCABLY AND UNCONDITIONALLY GUARANTEED BY SUNWAY PURSUANT TO THE *KAFALAH GUARANTEE*.

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STRICTLY PRIVATE & CONFIDENTIAL



Sunway Treasury Sukuk Sdn Bhd
(Company No. 1088200-V)

**AN ISLAMIC COMMERCIAL PAPER/MEDIUM TERM NOTE PROGRAMME OF RM10.0
BILLION IN NOMINAL VALUE.**

PRINCIPAL ADVISER/LEAD ARRANGER/ LEAD MANAGER



Kenanga Investment Bank Berhad

Kenanga Investment Bank Berhad
(Company No. 15678-H)

This Information Memorandum is dated 29 January 2019

RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the board of directors of the Issuer and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge, information and belief, there are no false or misleading statements or other material facts the omission of which would make any statement in this Information Memorandum false or misleading and that there are no material omissions in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENTS OF DISCLAIMER

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Sukuk Mudharabah to be issued pursuant to the Sukuk Programme.

None of the information or data contained in this Information Memorandum has been independently verified by Kenanga Investment Bank Berhad (Company No. 15678-H) as the Principal Adviser/Lead Arranger and Lead Manager (hereinafter referred to as “**Kenanga IB**”), and no representation or warranty, express or implied, is given or assumed by Kenanga IB as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum, and nothing contained in this Information Memorandum, shall be relied upon as a promise or representation by Kenanga IB or their respective affiliates.

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This Information Memorandum is not, and should not be construed as, a recommendation by the Issuer, Sunway, Kenanga IB or any other party to the recipient to subscribe for or purchase the Sukuk Mudharabah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Mudharabah and all other relevant matters, and each recipient should consult its own professional advisers.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Mudharabah shall in any circumstance imply that the information contained herein concerning the Issuer or any subsidiaries of the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Mudharabah is correct as of any time subsequent to the date indicated in the document containing the same. Kenanga IB expressly do not undertake to review the financial condition or affairs of the Issuer or any subsidiaries of the Issuer during the life of the Sukuk Mudharabah or to advise any investor in the Sukuk Mudharabah of any information coming to their attention. The recipient of this Information Memorandum or the potential investors should review, inter alia, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any Sukuk Mudharabah.

This Information Memorandum is not and will not be intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses in which the Issuer or its group of companies operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and/or report thereon derived from such and other third party sources.

This Information Memorandum includes “forward looking statements”. These statements include, among other things, discussions of the Issuer’s business strategy and expectation concerning its position in the Malaysian economy, future operations, profitability, liquidity, capital resources and financial position. All these statements are based on estimates and assumptions made by the Issuer and third party consultants that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially

different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of a forward looking statement in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after rounding.

ACKNOWLEDGEMENT

The Issuer has authorised Kenanga IB and/or their respective affiliates to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the Sukuk Mudharabah to prospective investors and that no further evidence of authorisation is required.

STATEMENTS OF DISCLAIMER – SECURITIES COMMISSION

A copy of this Information Memorandum will be deposited with the Securities Commission Malaysia (“SC”), which takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk Mudharabah in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent and each recipient of this Information Memorandum acknowledges and agrees that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Mudharabah.

The SC shall not be liable for any non-disclosure on the part of Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

The Shariah Adviser (as defined hereinafter) has approved the structure and mechanism of the Sukuk Mudharabah and the compliance with the applicable Shariah principles. However, the approval is only an expression of the view of the Shariah Adviser based on the extensive experience of its Shariah Committee in the subject. There can be no assurance that the structure of the Sukuk Mudharabah and the trading of the Sukuk Mudharabah will meet each investor’s Shariah standards of compliance and neither the Issuer, Sunway, the Principal Adviser/Lead Arranger, Lead Manager nor any other person makes any representation of the same. Investors are advised to obtain their own independent Shariah advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Sukuk Mudharabah.

EACH ISSUE OF THE SUKUK MUDHARABAH WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE ON THEIR RESPECTIVE MERITS AND RISKS OF THE INVESTMENT. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK MUDHARABAH.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the most recently published audited annual consolidated financial statements of the Issuer and Sunway; and
- (b) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

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To the recipient of this Information Memorandum

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This Information Memorandum is submitted to selected persons specifically in reference to the Sukuk Programme who are residents of Malaysia and persons to whom an issue would constitute an excluded issue, excluded offer or excluded invitation to subscribe the Sukuk Mudharabah may be made and to whom the Sukuk Mudharabah are issued would fall within Part 1 of Schedule 6 and Part 1 of Schedule 7 read together with Schedule 9 of the CMSA and any issue, offer or invitation to subscribe for or purchase the Sukuk Mudharabah does not constitute an offer to the public within the meaning of Section 2(6) of the Companies Act at issuance; or thereafter persons to whom an offer or invitation to subscribe the Sukuk Mudharabah may be made and to whom the Sukuk Mudharabah are issued would fall within Part 1 of Schedule 6 read together with Schedule 9 of the CMSA and any issue, offer or invitation to subscribe for or purchase the Sukuk Mudharabah does not constitute an offer to the public within the meaning of Section 2(6) of the Companies Act.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisors, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

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GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

Except where the context otherwise requires, the following abbreviations shall apply throughout this Information Memorandum:

| | |
|---|---|
| “BNM” | Bank Negara Malaysia. |
| “Board” | Board of Directors. |
| “Bursa Malaysia” | Bursa Malaysia Securities Berhad (Company No. 635998-W). |
| “CEO” | Chief Executive Officer. |
| “CMSA” | Capital Markets and Services Act, 2007, as amended from time to time. |
| “Companies Act” | Companies Act, 2016, as amended from time to time. |
| “FAST” | the Fully Automated System for Issuing/Tendering, which is a centralised system for the origination of debt securities or such other system as varied, upgraded or substituted from time to time. |
| “FY” | Financial year. |
| “JCF” | Jeffrey Cheah Foundation. |
| “Kafalah Guarantee” | the irrevocable and unconditional guarantee given or to be given by Sunway under the Shariah principle of <i>Al-Kafalah</i> in favour of the Sukuk Trustee (acting for and on behalf of the Sukukholders) to guarantee all payment obligations of the Issuer as the <i>Mudharib</i> under the Purchase Undertaking. |
| “Government” | Government of Malaysia. |
| “ICPs” | Islamic commercial papers. |
| “IMTNs” | Islamic medium term notes. |
| “Interested Persons” | directors, major shareholders, and CEO. |
| “Issuer” | Sunway Treasury Sukuk Sdn Bhd (Company No.1088200-V). |
| “LOLA Guidelines” | the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 11 October 2018(as amended from time to time). |
| “LPD” | the last practicable date, being 15 December 2018. |
| “Main Market” | the Main Market of Bursa Malaysia. |
| “MARC” | Malaysian Rating Corporation Berhad (Company No. 364803-V). |
| “NLA” | net lettable area. |
| “Principal Adviser/Lead Arranger”, “Lead Manager”, “Facility Agent” or “Kenanga IB” | Kenanga Investment Bank Berhad (Company No. 15678-H). |

| | |
|---|---|
| “PTC” | the principal terms and conditions of the Sukuk Programme as set out in Section 2.0 of this Information Memorandum. |
| “REIT” | Real Estate Investment Trust. |
| “SC” | Securities Commission Malaysia. |
| “Shariah Adviser” | Kenanga Investment Bank Berhad (Company No. 15678-H) a company incorporated in Malaysia and having its registered office at Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur and the expression shall, where the context so admits, include its successors in title and assigns or any successor in such capacity. |
| “STSB” | Sunway Treasury Sdn Bhd (Company No. 434005-W). |
| “Series” | refers to such tranche of the Sukuk Mudharabah sharing the same issue date, the same issue request, the same terms and conditions and the same tenure. |
| “Sukukholders” | the holders of the Sukuk Mudharabah. |
| “Sukuk Mudharabah” | ICPs and/or IMTNs issued or to be issued pursuant to the Sukuk Programme. |
| “Sukuk Programme” | the Islamic commercial paper and/or Islamic medium term note programme of RM10.0 billion in nominal value. |
| “Sukuk Trustee” | Pacific Trustees Berhad (Company No. 317001-A) acting as the trustee for the Sukukholders. |
| “Sukuk Trustees’ Reimbursement Account” | the Shariah- compliant account opened and maintained or to be opened and maintained by the Issuer with a licensed financial institution acceptable to the Principal Adviser/Lead Arranger known as the “Sukuk Trustee’s Reimbursement Account” into which funds or monies shall be credited or cause to be credited by the Issuer pursuant to the provisions in the Trust Deed. |
| “SunMed” | Sunway Medical Centre Sdn Bhd (Company No. 341855-X). |
| “SunCon” | Sunway Construction Sdn Bhd (Company No. 27175-V). |
| “Sunway Group” | Sunway, its direct and indirect subsidiaries, jointly controlled entities and associate companies of Sunway. |
| “Sunway” or “Guarantor” | Sunway Berhad (Company No. 921551-D). |
| “Sunway REIT” | Sunway Real Estate Investment Trust. |
| “Trust Deed” | the trust deed to be entered into between the Issuer and the Trustee in relation to the Sukuk Mudharabah (as amended, revised or supplemented from time to time). |
| “Trust Deeds Guidelines” | SC’s Trust Deeds Guidelines revised on 12 July 2011 and effective on 12 August 2011. |
| “UNSDSN” | United Nations Sustainable Development Solutions Network. |

CURRENCIES, UNITS AND OTHERS

| | |
|-------------------|--------------------------|
| “RM” and “sen” | Ringgit Malaysia and sen |
| “SGD” | Singapore Dollar |
| “USD” | United States Dollar |
| “%” | Per centum |
| “m ³ ” | Cubic metre |

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1.0 EXECUTIVE SUMMARY

This summary highlights information contained elsewhere in this Information Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Prospective investors should read this entire Information Memorandum carefully, including the section titled "Investment Considerations".

1.1 Brief Description of the Issuer

The Issuer was incorporated in Malaysia as a private limited company under the name of Fantastic Prolink Sdn Bhd on 8 April 2014 under the Companies Act 1965, and subsequently changed its name to Sunway Treasury Sukuk Sdn Bhd on 23 July 2014.

The principal activity of the Issuer is to conduct treasury and financing operations, including but not limited to advancing, depositing or lending money to its related companies.

1.2 Brief Description of the Guarantor

Sunway, the Guarantor in respect of the Sukuk Programme was incorporated in Malaysia as a private limited company on 10 November 2010 under the Companies Act 1965 as Alpha Sunrise Sdn Bhd and subsequently changed its name to Sunway Sdn Bhd on 23 November 2010. On 30 November 2010, Sunway converted into a public limited company and assumed its current name. On 23 August 2011, Sunway was officially listed on the Main Market.

1.3 Brief Description of the Sukuk Programme

The Issuer intends to undertake the issuance of the Sukuk Mudharabah pursuant to the Sukuk Programme, which will be irrevocably and unconditionally guaranteed by Sunway pursuant to the *Kafalah Guarantee*.

The Sukuk Programme involves the issuance of the Sukuk Mudharabah of up to RM10.0 billion in nominal value, subject to the option to upsize the Sukuk Programme.

The Sukuk Programme shall have a tenure of up to seven (7) years from the date of the first issuance of the Sukuk Mudharabah under the Sukuk Programme.

The ICPs may be issued via competitive tender by the tender panel members or direct placement on best effort basis without prospectus at the option of the Issuer under FAST while the IMTNs may be issued via book building on a best effort basis or bought deal basis, all without prospectus under FAST. The IMTNs could also be issued by way of private/direct placement to selected investors at an agreed yield between the Issuer and the investor(s).

1.4 Utilisation of Proceeds

The utilisation of the proceeds arising from the Sukuk Programme is as follows:

- (a) to utilise RM30,000 from the first issuance under the Sukuk Programme to fund the Sukuk Trustees' Reimbursement Account as required under the Trust Deeds Guidelines;
- (b) to finance the investment activities, capital expenditure, working capital requirements and/or other general corporate purposes (including but not limited to future operating expenses and financing expenses i.e. the fees and expenses relating to the Sukuk Programme) of the Issuer and/or Sunway Group; and
- (c) to defray expenses incurred in relation to the Sukuk Programme; and/or
- (d) to repay existing or future borrowings to be undertaken by the Issuer and/or Sunway Group.

For the avoidance of doubt, all utilisation of funds from the issuance of the Sukuk Mudharabah shall be for Shariah-compliant purposes only including the manner in which the funds are to be channelled to the companies within the Sunway Group by the Issuer.

The issue proceeds shall be utilised in accordance with the purposes stated above throughout the tenure of the Sukuk Programme.

1.5 Rating

MARC has assigned an indicative rating of MARC-1_{IS(cg)} / AA-_{IS(cg)} for the Sukuk Programme.

1.6 Lodgement

The lodgement of the relevant information and/or documents pursuant to the LOLA Guidelines in respect of the Sukuk Programme has been made with the SC on 29 January 2019.

1.7 Selling Restrictions

Selling Restrictions at Issuance

The Sukuk Mudharabah may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Sukuk Mudharabah may be made and to whom the Sukuk Mudharabah is issued would fall within Part I of Schedule 6 and Part I of Schedule 7 of the CMSA, read together with Schedule 9 of the CMSA and Section 2(6) of the Companies Act.

Selling Restrictions after Issuance

The Sukuk Mudharabah may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Sukuk Mudharabah would fall within Part I of Schedule 6 of the CMSA read together with Schedule 9 of the CMSA and Section 2(6) of the Companies Act.

In addition, if any offer or sale of the Sukuk Mudharabah or any distribution of any document or other material in connection therewith other than Malaysia, the applicable laws and regulations of such jurisdiction will also have to be complied with prior to any such offer, sale, or distribution.

1.8 Early Redemption

The early redemption of the Sukuk Mudharabah shall be at such price calculated based on the formula set out in Annexure 1 of this Information Memorandum.

For further details, please refer to the principal terms and conditions of the Sukuk Programme as set out in Section 2.0 of this Information Memorandum.

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2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK PROGRAMME

Details of the principal terms and conditions relating to the Sukuk Programme are set out below. Words and expression used and defined in this Section 2.0, in the event of any inconsistency with the definition section of this Information Memorandum, shall only be applicable for this Section 2.0.

The principal terms and conditions hereunder are not intended as a summary of the legal documentation entered or to be entered into in connection with the Sukuk Programme. To understand all of the terms and conditions of the Sukuk Programme, the investors should read the legal documentation concerned and obtain such necessary professional advice on the same.

| 2.1 DETAILS OF FACILITY/PROGRAMME | | |
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| 1) | Name of facility | An Islamic Commercial Papers/Islamic Medium Term Notes (“ ICPs/IMTNs ”) programme of RM10.0 billion in nominal value (“ Sukuk Programme ”). |
| 2) | One time issue or programme | Programme. |
| 3) | Shariah Principle (for Sukuk) | Mudharabah (Profit sharing). |
| 4) | Facility description (for Ringgit-denominated sukuk, to provide description as cleared by SC) | <p>Pursuant to the Sukuk Programme, the Issuer may from time to time, issue the Sukuk Mudharabah whereby the nominal value of outstanding Sukuk Mudharabah shall not exceed RM10.0 billion at any one time.</p> <p>Subject to the relevant regulatory approval, the Transaction Documents in respect of the Sukuk Programme shall provide that consent by the Sukukholders will be deemed given upfront throughout the tenure of the Sukuk Programme in respect of:</p> <ul style="list-style-type: none"> (a) issuing the Sukuk Mudharabah based on the Shariah principles mentioned under <i>Shariah principle (for sukuk)</i> above; or (b) amending the structure described herein so as to comply with any future requirements of the Shariah principles mentioned under <i>Shariah principle (for sukuk)</i> above; or (c) amending the structure of any Shariah principles mentioned under <i>Shariah principle (for sukuk)</i> above which may be adopted by the Issuer, so as to comply with any future requirements of those Shariah principles. <p>The ICPs/IMTNs are referred to as “Sukuk Mudharabah”.</p> <p>The issuance of the Sukuk Mudharabah shall be effected as follows:</p> <ul style="list-style-type: none"> 1) Under the Mudharabah transaction, the Issuer (as “Mudharib”) shall enter into a master Mudharabah contract with the Sukuk Trustee, acting on behalf of the Sukukholders (as “Rabb al-mal”) (“Master Mudharabah Agreement”). <p>Pursuant to the Master Mudharabah Agreement, the Sukukholders shall from time to time provide capital to the Issuer for the purpose of the Sukukholders’ investment in the Issuer’s Shariah-compliant business, which comprises the</p> |

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| | | <p>provision of Islamic inter-company advances or investment in the Shariah-compliant business activities and/or general corporate purposes of the companies within Sunway Group (as defined under <i>Other terms and conditions - Transaction Documents</i>) (collectively known as the “Mudharabah Venture”). The Shariah-compliant business will be valued at the book value based on the latest audited financial statements of the Issuer.</p> <p>2) The Issuer shall issue the Sukuk Mudharabah to the Sukukholders.</p> <p>3) (a) The Sukukholders, as the Rabb al-mal, shall participate in the Mudharabah Venture by subscribing to the Sukuk Mudharabah which will be issued in series, pursuant to the Sukuk Programme. Each series represents a Mudharabah Venture on its own. Proceeds from the Sukuk Mudharabah represent 100% of the Sukukholders’ capital contribution (“Mudharabah Capital”) in the Mudharabah Venture.</p> <p>(b) The Issuer on the other hand, as the Mudharib, shall be granted by the Sukukholders the absolute entrepreneurial authority to manage the Mudharabah Venture and administer the collection of income from the Mudharabah Venture.</p> <p>4) The Issuer shall subsequently make a declaration of trust over the undivided rights and entitlements of the Sukukholders under the Mudharabah Venture (“Trust Assets”) for the benefit of the Sukukholders and itself. The Sukuk Mudharabah represents each of the Sukukholders’ undivided proportionate beneficial interests in the Trust Assets.</p> <p>5) (a) Profits generated from the Mudharabah Venture shall be shared between the Rabb al-mal and the Mudharib according to a pre-agreed profit-sharing ratio of 99:1 while losses shall be borne solely by the Rabb al-mal.</p> <p>(b) In respect of Sukuk Mudharabah with periodic distribution, the payment of profits generated from the Mudharabah Venture (the “Periodic Distribution(s)”) shall be distributed semi-annually or such other period to be agreed (“Periodic Distribution Date”) to the Sukukholders.</p> <p>The Rabb al-mal’s share of profits shall be the return expected (“Expected Return”) by the Sukukholders from the Mudharabah Venture, which shall be the yield of the Sukuk Mudharabah for the period from the issuance of the Sukuk Mudharabah up to the respective maturity dates or the date of declaration of an event which dissolves the Mudharabah Venture (“Dissolution Event”), or the early redemption date of the Sukuk Mudharabah (“Early Redemption Date”), as the case may be.</p> <p>Under the Mudharabah Venture, the Sukukholders have agreed upfront that they shall receive profits up to the Expected Return. Any amounts in excess of the Expected Return shall be given to the Mudharib as an incentive fee for successfully managing the Mudharabah Venture. A partner may waive his right under the Shariah principle of Tanazul (Waiver of rights) on the profit payments from the</p> |
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| | | <p>Mudharabah Venture, if he desires so.</p> <p>In respect of Sukuk Mudharabah with Periodic Distribution, in the event any of the periodic distributions within the Expected Return is insufficient to be paid to the Sukukholders, the Issuer shall make advance profit payments ("Advance Profit Payments") equal to such deficiency.</p> <p>In respect of Sukuk Mudharabah without Periodic Distribution, the payment of profits generated from the Mudharabah Venture shall be distributed to the Sukukholders on a one-off basis ("One-off Distribution") on the respective maturity dates or during a Dissolution Event, or on any Early Redemption Date of such Sukuk Mudharabah, whichever applicable.</p> <p>If, on any One-off Distribution date, the income generated from the Mudharabah Venture is insufficient to meet the expected One-off Distribution, the Issuer shall make Advance Profit Payments during the tenure of the Sukuk Mudharabah equal to such deficiency.</p> <p>For the avoidance of doubt, any Advance Profit Payments made by the Issuer shall be offset against the Exercise Price (as defined in <i>Other terms and conditions – Exercise Price</i>).</p> <p>6) The Issuer shall undertake to purchase the Trust Assets from the Sukuk Trustee (acting on behalf of the Sukukholders) at the Exercise Price via a Mudharabah purchase undertaking ("Purchase Undertaking") upon the occurrence of the earlier of the respective maturity dates of the Sukuk Mudharabah or declaration of a Dissolution Event or on an Early Redemption Date.</p> <p>A sale agreement shall be entered into between the Issuer and the Sukuk Trustee to effect the exercise of the Purchase Undertaking.</p> <p>Upon the exercise of the Purchase Undertaking and the payment of the Exercise Price, the Mudharabah Venture and the trust over the Trust Assets shall be dissolved and the Sukuk Mudharabah shall be cancelled.</p> <p>7) Sunway shall issue an irrevocable and unconditional Kafalah Guarantee, which shall be applicable in respect of all series of the Sukuk Mudharabah in favour of the Sukuk Trustee to guarantee all payment obligations of the Issuer under the Purchase Undertaking which shall include ta'widh (if any). The Kafalah Guarantee is triggered upon declaration of a Dissolution Event under the Trust Deed.</p> |
| 5) | Currency | Ringgit |
| 6) | Expected facility/ programme size (for programme, to state the option to upsize) | <p>RM10,000,000,000.00.</p> <p>Option to upsize: Yes</p> <p>Notwithstanding any of the provisions herein and subject to the compliance of the relevant guidelines as may be issued by the SC from time to time, the Issuer shall have the option to upsize the</p> |

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| | | <p>Sukuk Programme and the Sukukholders shall via the Trust Deed provide their upfront consent for any upsizing of the Sukuk Programme, provided that the following conditions have been fulfilled:</p> <p>(1) the voting for the Sukuk Programme is carried out on a "per series" basis and not on a collective basis post upsizing;</p> <p>“series” shall mean, in relation to any Sukuk Mudharabah, such Sukuk Mudharabah with the same issue date.</p> <p>(2) there is no adverse impact on the rating of the Sukuk Programme; and</p> <p>(3) the Issuer has submitted all information and documents for a new lodgement with the SC for the upsizing of the Sukuk Programme.</p> <p>For the avoidance of doubt, no consent is required from the Sukuk Trustee, the Facility Agent and any other party under the Sukuk Programme when the option to upsize the Sukuk Programme is exercised by the Issuer.</p> |
| 7) | Tenure of facility/ programme | Seven (7) years. |
| 8) | Availability period for programme | <p>The Sukuk Mudharabah is available for issuance upon completion of the Transaction Documents and fulfilment of all conditions precedent and other applicable conditions to the satisfaction of the PA/LA (unless otherwise waived or deferred by the PA/LA) and ending on the date the programme agreement for the Sukuk Programme (“Programme Agreement”) is terminated or upon the expiry of the tenure of the Sukuk Programme, whichever is earlier, provided that the first issuance of the Sukuk Mudharabah shall be made within sixty (60) business days from the date of lodgement of the Lodgement Form with the SC and the Sukuk Mudharabah shall mature on or prior to the expiry of the Sukuk Programme.</p> |
| 9) | Clearing and settlement platform | Payments Network Malaysia Sdn Bhd (formerly known as Malaysian Electronic Clearing Corporation Sdn Bhd) (“ PayNet ”). |
| 10) | Mode of issue | <ul style="list-style-type: none"> • Private/direct placement • Bought deal • Book building • Tender <p>Additional Notes:</p> <p><u>ICPs</u> Issuance via competitive tender by the tender panel members or private/direct placement on a best effort basis without prospectus at the option of the Issuer under FAST.</p> <p><u>IMTNs</u> Issuance via book building on best effort basis or bought deal basis, all without prospectus under FAST. The IMTNs could also be issued by way of private/direct placement to selected investors at an agreed yield between the Issuer and investor(s).</p> |

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| 11) | Selling restrictions | <p><u>Selling Restrictions at Issuance</u> The Sukuk Mudharabah may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Sukuk Mudharabah may be made and to whom the Sukuk Mudharabah is issued would fall within Part I of Schedule 6 and Part I of Schedule 7 of the CMSA, read together with Schedule 9 of the CMSA and Section 2(6) of the Companies Act.</p> <p><u>Selling Restrictions after Issuance</u> The Sukuk Mudharabah may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Sukuk Mudharabah would fall within Part I of Schedule 6 of the CMSA read together with Schedule 9 of the CMSA and Section 2(6) of the Companies Act.</p> <p>In addition, if any offer or sale of the Sukuk Mudharabah or any distribution of any document or other material in connection therewith other than Malaysia, the applicable laws and regulations of such jurisdiction will also have to be complied with prior to any such offer, sale, or distribution.</p> |
| 12) | Tradability and transferability | Tradable and transferable up to RM10.0 billion. |
| 13) | Details of security/collateral pledged, if applicable | Unsecured. |
| 14) | Details of guarantee, if applicable | Sunway shall issue an irrevocable and unconditional Kafalah Guarantee, which shall be applicable in respect of all series of the Sukuk Mudharabah in favour of the Sukuk Trustee to guarantee all payment obligations of the Issuer under the Purchase Undertaking which shall include ta'widh (if any). The Kafalah Guarantee is triggered upon declaration of a Dissolution Event under the Trust Deed. |
| 15) | Convertibility of Issuance and details of the convertibility | Not convertible. |
| 16) | Exchangeability of Issuance and details of the exchangeability | Not exchangeable. |
| 17) | Call option and details, if applicable | No call option. |
| 18) | Put option and details, if applicable | No put option. |
| 19) | Details of covenants | <p><u>Positive Covenants</u></p> <p>To include but not limited to the following:</p> <ul style="list-style-type: none"> (i) The Issuer shall redeem all outstanding Sukuk Mudharabah in full in accordance with the terms and conditions of the Transaction Documents; |

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| | | <p>(ii) Each of the Issuer and Guarantor (and the Guarantor shall ensure that each of the Material Subsidiaries) shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices and in accordance with its Constitution, which should ensure, amongst others, that all relevant approvals or licences are obtained and maintained;</p> <p>(iii) Each of the Issuer and Guarantor (and the Guarantor shall ensure that each of the Material Subsidiaries) shall keep proper books and accounts at all times on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia, and will provide the Sukuk Trustee and any persons appointed by the Issuer (e.g. auditors), to the extent permitted by law to which the Issuer, the Guarantor, and each of the Material Subsidiaries is subject to, access to such book and accounts subject to prior written notice and during normal business hours;</p> <p>(iv) The Issuer shall at all times maintain a paying agent, or its equivalent, which is based in Malaysia, and the Issuer shall cause and procure such paying agent to notify the Sukuk Trustee, through the Facility Agent, in the event the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Sukuk Mudharabah;</p> <p>(v) The Issuer shall promptly comply with the terms and perform and carry out all of its obligations under the Sukuk Mudharabah, the Trust Deed, and the other Transaction Documents to which it is a party (including but not limited to the redemption of the Sukuk Mudharabah on the relevant maturity dates or any other date on which the Sukuk Mudharabah are due and payable) and to ensure that it shall immediately notify the Sukuk Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;</p> <p>(vi) The Issuer or the Guarantor shall promptly give notice to the Sukuk Trustee of the occurrence of any Dissolution Event or of such other right or remedy under the terms, provisions, and covenants of the Sukuk Mudharabah, the Trust Deed and the other Transaction Documents that shall have become enforceable or of any potential Dissolution Event forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may be reasonably requested by the Sukuk Trustee to remedy and/or mitigate the effect(s) of the Dissolution Event or the potential Dissolution Event;</p> <p>(vii) Each of the Issuer and Guarantor (and the Guarantor shall ensure that each of the Material Subsidiaries (as defined below)) shall obtain and maintain in full force and effect all relevant authorisations, consents, rights, licenses, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licenses, approvals and permits (governmental and otherwise) that is or may become necessary to enable it (a)</p> |
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| | | <p>to own its assets and to carry on its business or, (b) to enter into or perform its obligations under the Transaction Documents to which it is a party or (c) to ensure the legality, validity, enforceability, admissibility in evidence of its obligations or the priority or rights of the Sukukholders under the Transaction Documents, and each of the Issuer, the Guarantor, and the Material Subsidiaries shall comply with the same at all times;</p> <p>“Material Subsidiaries” means at any time, any subsidiary, both present and future, of Sunway that contributes at least fifteen per cent (15%) to Sunway’s consolidated group pre-tax profit based on the then latest available audited and consolidated financial statements of Sunway at that time.</p> <p>(viii) The Issuer shall ensure that the terms in the Trust Deed do not contain any matter that is inconsistent with the provisions of any document prepared relating to or in connection with the issuance of the Sukuk Mudharabah;</p> <p>(ix) The Issuer shall comply in all respects with all laws to which it may be subject to. If failure to comply would materially impair its ability to perform its obligations under the Transaction Documents;</p> <p>(x) The Issuer shall appoint from time to time such auditor or firm of auditors acceptable to the Sukuk Trustee and authorize such auditor or firm of auditors to supply the Sukuk Trustee with a certified copy of any communication sent by such auditor to the Issuer and further to communicate directly with the Sukuk Trustee at any time in respect of any matter connected with the accounts and operations of the Issuer.</p> <p>(xi) Each of the Issuer and the Guarantor shall, to the extent permitted by law, give to the Sukuk Trustee such information relating to its business, affairs, and financial conditions as may from time to time be reasonably required by the Sukuk Trustee in order to discharge its duties and obligations under the Trust Deed;</p> <p>(xii) Each of the Issuer and the Guarantor shall at all times and from time to time on request or demand from the Sukuk Trustee execute or procure the execution of all such further documents and do or procure the doing of all such further acts as the Sukuk Trustee may in its opinion consider reasonably necessary to give full effect to the terms and conditions of the Transaction Documents or secure to the Sukuk Trustee the full benefits of all rights, powers, and remedies conferred upon the Sukuk Trustee in the Transaction Documents; and</p> <p>(xiii) Such other positive covenants as may be advised by the Solicitors and to be mutually agreed between the PA/LA and the Issuer.</p> |
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| | | <p><u>Negative Covenants</u></p> <p>To include but not limited to the following:</p> <p>(i) The Issuer shall not enter into any transaction, whether directly or indirectly with its Interested Persons unless:</p> <p>(a) Such transaction shall be on terms that are no less favourable to the Issuer than those that could not have been obtained in a comparable transaction from persons who are not the Interested Persons;</p> <p>(b) With respect to transactions involving an aggregate payment or value equal to or greater than the percentage ratio as provided in the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements"), the Issuer obtains a certification from an independent adviser that the transaction is carried out on fair and reasonable terms,</p> <p>provided that:</p> <ol style="list-style-type: none"> 1. the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (a) above; 2. the Issuer has received the certification referred to in paragraph (b) above (where applicable); and 3. the transaction has been approved by the majority of the board of directors or shareholders of the Issuer in a general meeting as the case may require. <p>(c) With respect to transactions constituting a recurrent related party transaction of a revenue or trading nature ("RRPT") that are provided for and permitted under the Listing Requirements,</p> <p>provided that:</p> <ol style="list-style-type: none"> 1. the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (a) above; 2. where applicable, the shareholders' mandate has been obtained or renewed in accordance with the said Listing Requirements; and 3. the Issuer furnishes at least one certificate to the Sukuk Trustee in respect of the RRPT contemplated under one shareholders' mandate; <p>(ii) Save as required by any laws or regulations or regulatory bodies, subject to the Issuer or the Guarantor immediately thereafter giving written notification of such alteration to the Sukuk Trustee, shall not add, delete, amend, supplement, vary or substitute the Issuer's or the Guarantor's Constitution in a manner inconsistent with the provisions of the Transaction Documents or in a manner that may be materially prejudicial to the interests of the Sukukholders;</p> |
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| | | <p>(iii) The Issuer and the Guarantor shall not consolidate or amalgamate with, or merge with or into or transfer all or substantially all of its assets to another entity, or enter into any demerger, reconstruction or winding-up of itself unless the successor entity expressly assumes its obligations under the Transaction Documents and after giving effect to the transaction, no Dissolution Event has occurred and is continuing;</p> <p>(iv) The Issuer and the Guarantor shall not invest, acquire shares or debentures in or with any company or person (including the creation of any subsidiary) nor acquire or purchase assets if:</p> <p style="padding-left: 40px;">(a) A declaration of Dissolution Event has been made under the Trust Deed and is continuing; and</p> <p style="padding-left: 40px;">(b) Following such investment or acquisition, a Dissolution Event would occur.</p> <p>(v) The Issuer and the Guarantor shall not decrease or in any way whatsoever alter (other than by way of increase) the paid-up capital of the Issuer whether by varying the amount, structure, or value thereof or the rights attached to thereto or convert any of its share capital into stock or by consolidation dividing or sub-dividing all or any of its shares;</p> <p>(vi) Save and except for the Permitted Security, the Issuer, the Guarantor, and each of the Material Subsidiaries shall not create or permit to create or to subsist any security interest over all or any part of the assets (be it present or future) belonging to itself unless the creation of such security interest shall also secure the payment and repayment of the secured amounts in respect of the Sukuk Mudharabah on a pari passu basis.</p> <p>For the purposes of paragraph (vi) above, Permitted Security shall mean:</p> <p style="padding-left: 40px;">(a) Any liens arising by operation of law or created in the ordinary course of business;</p> <p style="padding-left: 40px;">(b) Pledges created in relation to documentary credits opened in the ordinary course of trading;</p> <p style="padding-left: 40px;">(c) Hire purchase transactions;</p> <p style="padding-left: 40px;">(d) Any security interest created or to be created to secure the Permitted Indebtedness (as defined herein); and</p> <p style="padding-left: 40px;">(e) Any other security interest previously disclosed to the Sukuk Trustee prior to the date of the Trust Deed.</p> <p>“Permitted Indebtedness” shall mean:</p> <p>Any indebtedness incurred or to be incurred by Sunway Group for so long as the Financial Covenant is complied with and no Dissolution Event has occurred and is subsisting.</p> |
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| | | <p>(vii) The Issuer and the Guarantor (and the Guarantor shall ensure that each of the Material Subsidiaries) shall not enter into any transaction with a person, firm, or company or establish any exclusive purchasing or sales agency, or enter into any transaction whereby each of the Issuer, the Guarantor, and/or the Material Subsidiaries might pay more than the ordinary commercial price for any purchase or might receive less than the full commercial price (subject to normal trade discounts) for its products;</p> <p>(viii) The Issuer and the Guarantor shall not surrender, transfer, assign, relinquish, or otherwise dispose any of its rights and interests under the Transaction Documents to which it is a party;</p> <p>(ix) The Issuer shall not utilize or allow the utilization of the proceeds from the Sukuk Mudharabah for any purposes other than for the purposes set out in the Transaction Documents and the Information Memorandum;</p> <p>(x) The Issuer, the Guarantor, and each of the Material Subsidiaries shall not incur additional indebtedness without the Sukuk Trustee's prior written consent (of which the consent shall not be unreasonably withheld), save and except for any indebtedness incurred or to be incurred by the Issuer, the Guarantor, and each of the Material Subsidiaries for so long as the Financial Covenant (as set out below) is complied with an no Dissolution Event has occurred and is subsisting;</p> <p>(xi) The Issuer shall not incur or permit to exist any indebtedness to any member of the Sunway Group, unless such indebtedness are subordinated to the Sukuk Mudharabah;</p> <p>(xii) Except otherwise contemplated in or permitted under the Transaction Documents, the Issuer shall not enter into any agreement with any members of Sunway Group, save for such agreement(s) that is entered into:</p> <p style="padding-left: 40px;">(a) in the ordinary course of its business;</p> <p style="padding-left: 40px;">(b) on an arms-length basis; and</p> <p style="padding-left: 40px;">(c) the performance of which will not have a Material Adverse Effect (as defined hereinafter) on the Issuer.</p> <p>(xiii) The Issuer and the Guarantor shall not declare, make, or pay any dividend or other distribution (whether in cash or in kind, whether income or capital in nature) on or in respect of its (or any class of its) share capital or make any distribution, repayment, or return of capital to its shareholders if a Dissolution Event has occurred or if following such payment or distribution a Dissolution Event would occur; and</p> <p>(xiv) Such other negative covenants as may be advised by the Solicitors and to be mutually agreed between the PA/LA and the Issuer.</p> |
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Financial Covenants

Sunway shall at all times throughout the tenure of the Sukuk Programme maintain a Net Debt to Total Equity (as defined below) not exceeding 1.5 times.

Note:

The calculation of the Net Debt to Total Equity shall be made by Sunway on an annual basis at the end of each relevant financial period and shall be based on the Sunway's quarterly consolidated financial statements (as announced on Bursa Malaysia) or its then latest annual audited consolidated financial statements, as the case may be, prepared on a basis consistently applied in accordance with the approved accounting principles and standards in Malaysia. The calculation of the Net Debt to Total Equity together with the quarterly consolidated financial statements or the latest annual audited consolidated financial statements, as the case may be shall be delivered to the Facility Agent and the Sukuk Trustee within seven (7) business days from the date of the announcement made on Bursa Malaysia pursuant to the release of the relevant financial statements. In the event of a dispute of such calculation, such calculation shall be certified by an external auditor of Sunway. If Sunway fails to deliver the calculation of the Net Debt to Total Equity and the quarterly consolidated financial statements or the latest annual audited consolidated financial statements, as the case may be, within the abovementioned timeframe, the Net Debt to Total Equity shall be computed and determined by the Sukuk Trustee.

"Net Debt" means the consolidated debt less cash and cash equivalents belonging to Sunway Group.

"Total Equity" means share capital, treasury shares, share premium, equity contribution from non-controlling interests, merger reserve, reserves and non-controlling interest of Sunway Group at a consolidated level.

Information Covenants

To include but not limited to the following:

- (i) Each of the Issuer and the Guarantor shall deliver to the Sukuk Trustee such information as requested by the Sukuk Trustee, including but not limited to the following:
 - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each FY) copies of its financial statements for that FY which shall contain the income statement and balance sheet and cash flow statement of the Issuer or the Guarantor which are audited and certified without any qualification by a firm of independent certified public accountants;
 - (b) as soon as they become available (and in any event within ninety (90) days after the end of each half year of its FY) copies of its unaudited half yearly financial statements for that period which shall contain the income statement and balance sheet of the Issuer or

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| | | <p>the Guarantor which are duly certified by any one of the directors or the chief financial officer or deputy chief financial officer;</p> <p>(c) at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Sukuk Mudharabah and that there did not exist or had not existed, from the date the Sukuk Mudharabah were first issued or date of the previous certificate as the case may be, any Dissolution Event, and if such is not the case to specify the same;</p> <p>(d) any other account(s), report(s), notice(s), statement(s) or circular(s) issued to the Issuer's and the Guarantor's shareholders and any account(s), report(s), notice(s), statement(s) or circular(s) to be circulated by the Sukuk Trustee at the Sukuk Trustee's discretion to the Sukukholders; and</p> <p>(e) such information which the Sukuk Trustee may from time to time reasonably require in order to discharge its duties and obligations as Sukuk Trustee under the Transaction Documents relating to the Issuer's and the Guarantor's affairs to the extent permitted by law.</p> <p>(ii) Each of the Issuer and the Guarantor shall immediately notify the Sukuk Trustee in the event that the Issuer or the Guarantor becomes aware of the following:-</p> <p>(a) any Dissolution Event or any event that gives rise to any right or remedy under the terms, provisions and covenants of the Transaction Documents to become immediately enforceable;</p> <p>(b) any circumstance that has occurred that would materially prejudice the Issuer or the Guarantor or any security included in or created by the Transaction Documents (where applicable);</p> <p>(c) any substantial change in the nature of the business of the Issuer or the Guarantor;</p> <p>(d) any change in the name of the Guarantor;</p> <p>(e) any cessation of liability of the Guarantor for the payment of the whole or part of the moneys for which they were liable under the Transaction Document to which it is a party;</p> <p>(f) any change in withholding tax position or taxing jurisdiction of the Issuer and the Guarantor;</p> <p>(g) any change in the condition of the Issuer or the Guarantor (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer or the Guarantor before any court or tribunal or administrative agency which have a Material Adverse Effect (as defined hereinafter);</p> |
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| | | <p>(h) any change in the utilization of proceeds raised from the issuance of the Sukuk Mudharabah as set out in the Programme Agreement, the Trust Deed, and such other document prepared or entered into in connection with the Sukuk Mudharabah; and</p> <p>(i) any other matter that may materially prejudice the interest of the Sukukholders;</p> <p>(iii) Such other information covenants as required under the Trust Deeds Guidelines or as may be advised by the Solicitors or requested by the relevant investor(s) of the Sukuk Programme and mutually agreed between the PA/LA and the Issuer.</p> <p>For the purposes of the Lodgement Form, the expression "Material Adverse Effect" means any material adverse effect on:</p> <p>(a) the business, prospects, condition (financial or otherwise) or results of the operations of the Issuer or the Guarantor; or</p> <p>(b) the ability of the Issuer or the Guarantor to perform its obligations under any of the Transaction Documents; or</p> <p>(c) the validity or enforceability, or the effectiveness or the priority or ranking of any security interest granted or purporting to be granted pursuant to any of the Transaction Documents or the rights or remedies of the Sukuk Trustee, or any Sukukholder under the Transaction Documents.</p> |
| 20) | <p>Details of designated account(s), if applicable, including-</p> <p>(a) names of account;</p> <p>(b) parties responsible for opening the account;</p> <p>(c) parties responsible for maintaining/operating the account;</p> <p>(d) signatories to the account;</p> <p>(e) sources and utilisation of funds; and</p> <p>(f) diagram illustrating the flow of monies and conditions for disbursements;</p> | Not applicable. |

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| 21) | Name of credit rating agency, credit rating (state whether final or indicative) and amount rated, if applicable | Rated with an indicative rating of MARC-1 ^{IS(cg)} / AA- ^{IS(cg)} by Malaysian Rating Corporation Berhad (MARC). |
| 22) | Conditions precedent | <p><u>Conditions precedent to the first issuance of the Sukuk Mudharabah</u></p> <p>To include but not limited to the following conditions precedent (all of which shall be in form and substance acceptable to the PA/LA):</p> <ul style="list-style-type: none"> (i) Acknowledgement from the SC on the lodgement made under the LOLA Guidelines; (ii) Endorsement from the Shariah Adviser in respect of the structure and mechanism of the Sukuk Mudharabah and the Transaction Documents being in compliance with Shariah; (iii) Endorsement from the SC's SAC; (iv) Where applicable, certified true copy(ies) of board resolution of the Issuer and the Guarantor authorising, among others, the establishment of the Sukuk Programme, the issuance of the Sukuk Mudharabah and for the Issuer to enter into and to execute all the Transaction Documents and any other relevant agreements in relation to the issuance of the Sukuk Mudharabah; (v) Certified true copies of each of: (i) the certificate of incorporation of the Issuer and the Guarantor; (ii) the Constitution of the Issuer and the Guarantor; and (iii) the latest Forms 24, 44, and 49 (or the equivalent forms under the Companies Act) of the Issuer and the Guarantor; (vi) The Transaction Documents have been duly signed and stamped or duly endorsed as exempted from stamp duty, and where relevant, presented for registration; (vii) Documentary evidence that the Sukuk Trustees' Reimbursement Account (as defined in <i>Other terms and Conditions – Sukuk Trustees' Reimbursement Account</i>) has been opened; (viii) Legal opinion from the Solicitors confirming that (a) the Transaction Documents are legally valid, binding and enforceable (where possible); and (b) all conditions precedent to the Sukuk Programme have been fulfilled unless otherwise waived by the PA/LA; (ix) A list of the authorised signatories of each of the Issuer and the Guarantor and their respective specimen signatures; (x) A copy of the company search report from the Companies Commission Malaysia ("CCM") conducted on the Issuer and the Guarantor and the information revealed by such search report are to the satisfaction of the PA/LA; (xi) Copies of the results of the search made with the Insolvency Department of Malaysia at the time of such |

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| | | <p>search revealing that each of the Issuer and the Guarantor has not been wound-up or in the absence of such search results, a statutory declaration declaring that each of the Issuer and the Guarantor has not been wound-up;</p> <p>(xii) Delivery by the Issuer of documentary evidence that the Sukuk Programme has received a final rating of MARC-1 <i>IS(cg)</i> / AA- <i>IS(cg)</i> by Malaysian Rating Corporation Berhad;</p> <p>(xiii) Documentary evidence that a legal due diligence in relation to the Sukuk Programme has been undertaken and conducted to the satisfaction of the PA/LA;</p> <p>(xiv) All authorisations, consents, approvals, resolutions, licences, exemption, filings, notarisation, lodgement or registration or other document, opinion or assurance (such as the consent from any existing lender of the Issuer and the Guarantor) as may be necessary, required or desirable for or in connection with the establishment of the Sukuk Programme, the issuance of the Sukuk Mudharabah under the Sukuk Programme and the entry into and performance of the obligations of the Issuer or the Guarantor under the Transaction Documents to which it is a transaction party, have been obtained and in full force and effect;</p> <p>(xv) Evidence of the arrangement for the payment of all relevant transaction fees, cost and expenses in relation to the Sukuk Programme; and</p> <p>(xvi) Such other conditions precedent as may be advised by the Solicitors and mutually agreed between the PA/LA and the Issuer.</p> <p><u>Conditions Precedent to subsequent issuances of the Sukuk Mudharabah</u></p> <p>(i) Confirmation from the Issuer that all relevant representations and warranties of the Issuer and Sunway remain true and correct;</p> <p>(ii) No Dissolution Event has occurred or is continuing or will occur as a result of the issuances; and</p> <p>(iii) Such other conditions precedent as may be advised by the Solicitors and mutually agreed between the Issuer and the PA/LA.</p> |
| 23) | Representations and warranties | <p>Including but not limited to the following:</p> <p>(i) Each of the Issuer and the Guarantor is (a) a company with limited liability, duly incorporated and validly existing under the laws of Malaysia and (b) has full power to carry on its business and to own its properties and assets, and has full legal and/or beneficial ownership of all its properties and assets;</p> <p>(ii) The entry into and performance by each of the Issuer and the Guarantor of, and the transactions contemplated by, the Transaction Documents (to which it is a party) is for purposes of achieving its objects under its Constitution and</p> |

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| | | <p>is not restricted by any provision of its Constitution and all necessary corporate and other relevant actions have been taken to authorize its entry into the Transaction Documents (to which it is a party);</p> <p>(iii) The Issuer has the power to enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.</p> <p>(iv) All authorizations, consents, approvals, filings or registration required by each of the Issuer and the Guarantor (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents (to which it is a party); (b) to make the Transaction Documents admissible in evidence in Malaysia; and (c) for it to carry on its business have been obtained and are in full force and effect;</p> <p>(v) No litigation, arbitration or administrative proceeding or claim which would by itself or together with any other such proceedings or claims have a Material Adverse Effect is presently in progress or pending or, threatened against the Issuer and the Guarantor or any of their respective properties and assets;</p> <p>(vi) No steps have been taken by the Issuer or the Guarantor nor, to the best of its knowledge after due and careful inquiry, have any legal proceedings been started or threatened for the dissolution liquidation or winding up of the Issuer or the Guarantor or for the appointment of a receiver or similar officer in respect of all or any part of the business or assets of the Issuer or the Guarantor and no demand under section 466 of the Companies Act has been received by the Issuer;</p> <p>(vii) Each of the Transaction Document is or will when executed or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, the valid and legally binding obligations of the Issuer and the Guarantor enforceable in accordance with their respective terms;</p> <p>(viii) Neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, award, judgment, order, rule, regulation, licence, permit or consent by which each of the Issuer and the Guarantor or any of its assets is bound or which is applicable to it or any of its assets, (b) cause any limitation on each of the Issuer and the Guarantor or the powers of their respective directors, whether imposed by or contained in their respective constitution or in any agreement, instrument, law, ordinance, decree, award, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the assets of the Issuer</p> |
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| | | <p>and the Guarantor;</p> <p>(ix) No event has occurred which constitutes, or which with the giving notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which the Issuer and the Guarantor or any of their respective properties and assets is bound or affected, and no Dissolution Event is continuing or is reasonably likely to result from the issuance of any Sukuk Mudharabah or the entry into, the performance of, or any transaction contemplated by, any Transaction Documents;</p> <p>(x) The consolidated audited financial statements of the Issuer and the Guarantor have been prepared on a basis consistently applied and in accordance with approved accounting standards in Malaysia and give a true and fair view of the results of their respective operations for each respective year and the state of affairs at that date, and in particular disclose all material liabilities (actual or contingent) of the Issuer and the Guarantor;</p> <p>(xi) All information furnished or to be furnished by the Issuer and the Guarantor in connection with the Sukuk Programme, the Information Memorandum, the Transaction Documents and the transactions contemplated respectively thereby do not contain any statement or information that is false or misleading and there is no material omission in respect thereof, and all expressions or expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer and the Guarantor, and the Issuer and the Guarantor have fully disclosed to the PA/LA all facts relating to the Issuer and the Guarantor that the Issuer and the Guarantor knows or should reasonably know and that are material for disclosure to the PA/LA in the context of the Transaction Documents and the Sukuk Programme;</p> <p>(xii) All necessary returns have been delivered to and filed with by or on behalf of the Issuer and the Guarantor to the relevant taxation authorities and the Issuer and the Guarantor are not in default of the payment of any taxes;</p> <p>(xiii) No event or series of events has or have occurred (including, without limitation, the revocation or non-renewal of any authorizations, consents, approvals, filings, or registration) that would have a Material Adverse Effect;</p> <p>(xiv) The Issuer and the Guarantor are in compliance and will comply with any applicable laws and regulations; and</p> <p>(xv) Such other representations and warranties as required under the Trust Deeds Guidelines or as may be advised by the Solicitors or requested by the relevant investors of the Sukuk Programme and mutually agreed between the PA/LA and the Issuer.</p> |
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| 24) | <p>Events of default or enforcement events, where applicable, including recourse available to investors</p> | <p><u>Dissolution Events</u></p> <p>The dissolution events applicable includes but not limited to the following ("Dissolution Events" and each a "Dissolution Event"):</p> <ul style="list-style-type: none"> (i) The Issuer or the Guarantor fails to pay any amount due in respect of the Sukuk Mudharabah and/or any amounts due under any of the Transaction Documents on the due date or, if so payable, on demand and such default is not remedied by the Issuer or the Guarantor within seven (7) business days; (ii) The Issuer or the Guarantor fails to observe or perform its obligations under any of the Transaction Documents or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer or the Guarantor does not remedy the failure within a period of thirty (30) days after the Issuer or the Guarantor becomes aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier; (iii) Any representation or warranty made or given by the Issuer or the Guarantor under the Transaction Documents or which is contained in any specific certificate, document or statement furnished at any time pursuant to the terms of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of representations which are repeated, or deemed repeated, such representation is similarly materially incorrect or materially misleading when repeated or deemed repeated; (iv) Any indebtedness of the Issuer, the Guarantor, or any of the Material Subsidiaries becomes due or payable or capable of being declared due or payable prior to its stated maturity or where the security created for any indebtedness becomes enforceable or any guarantee or similar obligations of the Issuer, the Guarantor, or any of the Material Subsidiaries is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call, or the Issuer or any of its Material Subsidiaries goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable; (v) An encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or a substantial part of the business or assets of the Issuer, the Guarantor, or any of the Material Subsidiaries, or a distress, legal process, sequestration or any form of execution is levied or enforced or sued upon or against any part of the business or assets |
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| | | <p>of the Issuer, the Guarantor, or any of the Material Subsidiaries and such proceeding has not been set aside within sixty (60) days after being levied, enforced or sued out or any security interest that may for the time being affect any of the assets of the Issuer, the Guarantor, or any of the Material Subsidiaries that becomes enforceable, which in the reasonable opinion of the Sukuk Trustee that it would have a Material Adverse Effect;</p> <p>(vi) The Issuer, Guarantor, or any of the Material Subsidiaries convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, unless during or following such reconstruction the Issuer, the Guarantor, or any of the Material Subsidiaries becomes or is declared to be insolvent) or where a scheme of arrangement under section 366 of the Companies Act has been instituted against the Issuer, the Guarantor, or any of the Material Subsidiaries;</p> <p>(vii) There has been a breach by the Issuer or the Guarantor of any obligation under any of the Issuer's or the Guarantor's existing contractual obligations (other than those under the Transaction Documents) that may have Material Adverse Effect and, if in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) days after the Issuer or the Guarantor becomes aware or having been notified by the Sukuk Trustee of the breach, whichever is earlier;</p> <p>(viii) Any provision of the Transaction Documents is or becomes or is alleged by or on behalf of the Issuer to be, for any reason, invalid, unenforceable or unlawful and would have a Material Adverse Effect on the Issuer's ability to perform its obligations under the Transaction Documents, or the Issuer purports to repudiate any provision of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;</p> <p>(ix) The Issuer, the Guarantor, or any of the Material Subsidiaries fails to satisfy any judgment exceeding RM30 million passed against it by any court of competent jurisdiction within thirty (30) business days and no appeal against such judgment or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;</p> <p>(x) Any step is taken for the winding-up, dissolution or liquidation of the Issuer, the Guarantor, or any of the Material Subsidiaries or a resolution is passed for the winding-up of the Issuer, the Guarantor, or any of the</p> |
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| | | <p>Material Subsidiaries or a petition for winding-up is presented against the Issuer, the Guarantor, or any of the Material Subsidiaries and the Issuer, the Guarantor, or any of the Material Subsidiaries have not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding-up petition or a winding-up order has been made against the Issuer, the Guarantor, or any of the Material Subsidiaries, or the Issuer, the Guarantor, or any of the Material Subsidiaries becomes insolvent or commits an act of insolvency or is deemed unable to pay its debts within the meaning of section 466(1) of the Companies Act;</p> <p>(xi) Where there is a revocation, withholding or modification of any license, authorisation, approval or consent required by the Issuer, the Guarantor, or any of the Material Subsidiaries which in the opinion of the Sukuk Trustee may have a Material Adverse Effect, or which impairs or prejudices the Issuer's ability to comply with the terms and conditions of the Sukuk Mudharabah and the Transaction Documents;</p> <p>(xii) The Issuer, Guarantor or any of the Material Subsidiaries is deemed unable to pay any of its debts within the meaning of section 466 of the Companies Act or becomes unable to pay any of its debts as they fall due or suspends or threatens to suspend making payments with respect to all or any class of its debts;</p> <p>(xiii) Any creditor of the Issuer, the Guarantor, or any of the Material Subsidiaries exercises a contractual right to take over the financial management of the Issuer, the Guarantor, or any of the Material Subsidiaries and such event in the opinion of the Sukuk Trustee may have a Material Adverse Effect;</p> <p>(xiv) The Issuer, the Guarantor, or any of the Material Subsidiaries changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or ceases or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Sukuk Trustee may have a Material Adverse Effect;</p> <p>(xv) The Issuer repudiates any of the Transaction Documents;</p> <p>(xvi) Any of the assets, undertakings, rights or revenue of the Issuer, the Guarantor, or any of the Material Subsidiaries are seized, nationalized, expropriated, or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;</p> <p>(xvii) Any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect, and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy it within a period of thirty (30) days after the Issuer</p> |
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| | | <p>became aware or having been notified by the Sukuk Trustee of the event or situation, whichever is earlier; or</p> <p>(xviii) Such other events of default as may be advised by the Solicitors and mutually agreed between the PA/LA and the Issuer.</p> <p>Upon the occurrence of a Dissolution Event, the Sukuk Trustee may and if so directed by a special resolution of the Sukukholders, declares that a Dissolution Event has occurred and the Sukuk Trustee is entitled to enforce its rights and remedies under the Transaction Documents. The Purchase Undertaking under the Sukuk Mudharabah will be exercised upon declaration of a Dissolution Event. The amount payable is based on the Exercise Price. The Mudharabah Venture and the Trust Assets would be dissolved upon the exercise of the Purchase Undertaking. The Kafalah Guarantee is triggered upon declaration of a Dissolution Event under the Trust Deed.</p> |
| 25) | Governing laws | Laws of Malaysia. |
| 26) | Provisions on buy-back, if applicable | Any Sukuk Mudharabah purchased by the Issuer, its subsidiaries (if any), or agents shall be cancelled and cannot be resold or reissued and the Sukuk Mudharabah purchased by the Interested Persons (as defined in the Trust Deeds Guidelines) of the Issuer need not be cancelled but such Sukuk Mudharabah so purchased and held by the Interested Persons of the Issuer will not be counted for purposes of voting at any meeting of the Sukukholders. |
| 27) | Provisions on early redemption, if applicable | <p>The Issuer may at its option redeem all the Sukuk Mudharabah in a specific Series (in whole and not in part) before their respective maturity, subject to the Issuer providing a notice to the Sukuk Trustee and the Facility Agent not less than twenty-one (21) days (or such shorter period to be agreed between the Issuer, the Sukuk Trustee and the Facility Agent) and not more than sixty (60) days before the Early Redemption Date notifying the Sukuk Trustee and the Facility Agent of the Early Redemption Date and the Series the Issuer wishes to redeem, which shall be at the option of the Issuer.</p> <p>For the avoidance of doubt, a series of Sukuk Mudharabah shall mean Sukuk Mudharabah with the same issue date and maturity date.</p> <p>Early redemption of the Sukuk Mudharabah shall be at such price based on the formula set out in Annexure 1 of this Information Memorandum.</p> |
| 28) | Voting | <p>For the avoidance of doubt, voting by the Sukukholders under the Sukuk Programme shall be carried out as follows:</p> <p><u>Prior to approval for upsizing of the Sukuk Programme</u> All matters/resolutions (save and except for the purpose of upsizing of the Sukuk Programme, if required) which require the Sukukholders' consent/approval under the Sukuk Programme shall be carried out on a collective basis.</p> <p><u>Post upsizing of the Sukuk Programme</u> All matters/resolutions which require the Sukukholders' consent/approval under the Sukuk Programme shall be carried out on a "per series" basis and such resolution shall only be carried out</p> |

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| | | if each and every series under the Sukuk Programme votes in the same manner. |
| 29) | Permitted investments, if applicable | <p>Permitted Investments means Shariah-compliant investment products approved by the Shariah Advisory Council of the SC and/or BNM including:-</p> <ul style="list-style-type: none"> (i) Sukuk guaranteed by the Government of Malaysia; (ii) Islamic fixed income securities issued in Malaysia with the approval of the Government of Malaysia by any authority established under federal or state law; (iii) Islamic money market instruments of a financial institution with a minimum long term rating of A3 and short term rating of P1 or its equivalent; (iv) Islamic deposits with any licensed bank with a minimum rating of A3/P1 or its equivalent; and (v) Other Islamic capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1 as determined by a rating agency or its equivalent and such other investments as may be agreed by the Sukuk Trustee; <p>PROVIDED THAT the Permitted Investments shall mature no later than three (3) business days (or such other period to be agreed between the Issuer and the Facility Agent) prior to any payment obligations are due and payable under the Sukuk Programme.</p> |
| 30) | Ta'widh | <p>In the event of any delay in payments of any amounts due under the Purchase Undertaking, the Issuer shall pay to the Sukuk Trustee for the benefit of the Sukukholders compensation on such overdue amounts at an amount and manner prescribed by the SC's SAC from time to time in accordance with the Shariah principles.</p> <p>Any ta'widh (compensation) referred to above which is paid to the Sukukholders can be treated and/or utilised by the Sukukholders at their absolute discretion in accordance with or determined by their respective Shariah requirements, which may include donation to any registered charitable organization or for any charitable purposes.</p> |
| 31) | Ibra' | Ibra' is not applicable for Sukuk Mudharabah. |
| 32) | Kafalah | Sunway shall issue an irrevocable and unconditional Kafalah Guarantee, which shall be applicable in respect of all series of the Sukuk Mudharabah in favour of the Sukuk Trustee to guarantee all payment obligations of the Issuer under the Purchase Undertaking which shall include ta'widh (if any). The Kafalah Guarantee is triggered upon declaration of a Dissolution Event under the Trust Deed. |

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| 33) | Other terms and conditions | |
| | a) Details of Utilisation of Proceeds by Issuer | <p>The proceeds from the Sukuk Programme shall be utilized for the following purposes:</p> <ul style="list-style-type: none"> (a) to utilize RM30,000.00 from the first issuance under the Sukuk Programme to fund the Sukuk Trustees' Reimbursement Account (as defined below); (b) to finance the investment activities, capital expenditure, working capital requirements and/or other general corporate purposes (including but not limited to future operating expenses and financing expenses, i.e. the fees and expenses relating to the Sukuk Programme) of the Issuer and/or the Issuer's direct and indirect subsidiaries, jointly controlled entities and associate companies ("Sunway Group"); (c) for repayment of existing or future borrowings (including the rollover of Sukuk Mudharabah) to be undertaken by the Issuer and/or Sunway Group. <p>For the avoidance of doubt, all utilization of funds from the issuance of the Sukuk Programme shall be for Shariah-compliant purposes only including the manner in which the funds are to be channelled to the companies within Sunway Group by the Issuer.</p> |
| | b) Underwriter and amount underwritten | The Sukuk Mudharabah will not be underwritten. Notwithstanding this, the Issuer may arrange for the Sukuk Mudharabah to be underwritten in part or in full based on underwriting fees and yields to be agreed then with the underwriter(s). |
| | c) Identified Assets | The Trust Assets which are the undivided rights and entitlements of the Sukukholders under the Mudharabah Venture. |
| | d) Purchase and selling price/rental | Not applicable as the Mudharabah transaction does not involve purchase and sale of underlying assets. |
| | e) Profit/coupon/rental rate (fixed or floating) | <p><u>ICPs</u></p> <p>The ICPs will be issued at a discount to its nominal value without Periodic Distribution.</p> <p><u>IMTNs</u></p> <p>The IMTNs will be issued at a discount, at par, or at a premium to its nominal value with or without Periodic Distribution.</p> <p>In the case of IMTNs issued with Periodic Distribution, the Periodic Distribution rate shall be fixed or floating rate, to be determined and agreed prior to each issuance of the respective IMTNs.</p> <p>In relation to Sukuk Mudharabah which the expected periodic distribution rate is on a floating basis, such expected periodic distribution rate shall be the aggregate of the Spread for Floating Rate and the Relevant Floating Rate Benchmark (as defined herein) ("Floating Profit Rate").</p> |

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| | | <p>“Relevant Floating Rate Benchmark” means Kuala Lumpur Interbank Offered Rate for six-month (or such other relevant period) Ringgit deposits or such other appropriate benchmark rate for six-month (or such other relevant period) Ringgit deposits, to be agreed between the Issuer, the Lead Manager and the relevant investors and to be reflected in the relevant transaction documents.</p> <p>“Spread for Floating Rate” means the spread to be determined at the point of issuance of the relevant Sukuk Mudharabah, where applicable, and expressed as a rate in per cent per annum, to be agreed between the Issuer, the Lead Manager and the relevant investors and to be reflected in the relevant transaction documents.</p> |
| | f) Profit/coupon/rental payment frequency | <p><u>ICPs</u></p> <p>The ICPs shall be issued without Periodic Distribution.</p> <p><u>IMTNs</u></p> <p>In the case of IMTNs with Periodic Distribution, the frequency of the Periodic Distribution shall be semi-annually or such other period to be agreed between the Issuer and the Lead Manager prior to the issuance of such IMTNs.</p> <p>Not applicable for IMTNs without Periodic Distribution.</p> |
| | g) Profit/coupon/rental payment basis | Actual/365 days. |
| | h) Exercise Price | <p>Separate from the Mudharabah transaction, in respect of each series of the Sukuk Mudharabah, the Issuer shall grant an undertaking to the Sukuk Trustee (acting on behalf of the Sukukholders) pursuant to which the Issuer shall purchase the Trust Assets from the Sukuk Trustee at the Exercise Price only upon the occurrence of the earliest of any of the following events:</p> <ul style="list-style-type: none"> (i) the maturity dates of such series of the Sukuk Mudharabah; or (ii) the declaration of a Dissolution Event of such series of the Sukuk Mudharabah; or (iii) the respective Early Redemption Date of the Sukuk Mudharabah. <p>The Exercise Price shall be determined based on the following formula:</p> <p><u>Sukuk Mudharabah with Periodic Distribution</u></p> <ul style="list-style-type: none"> 1) On the maturity dates of such series of the Sukuk Mudharabah: - <p>The Exercise Price shall be the purchase price of the Trust Assets which is at an amount equal to the Mudharabah Capital plus Expected Return less total Periodic Distributions paid.</p> |

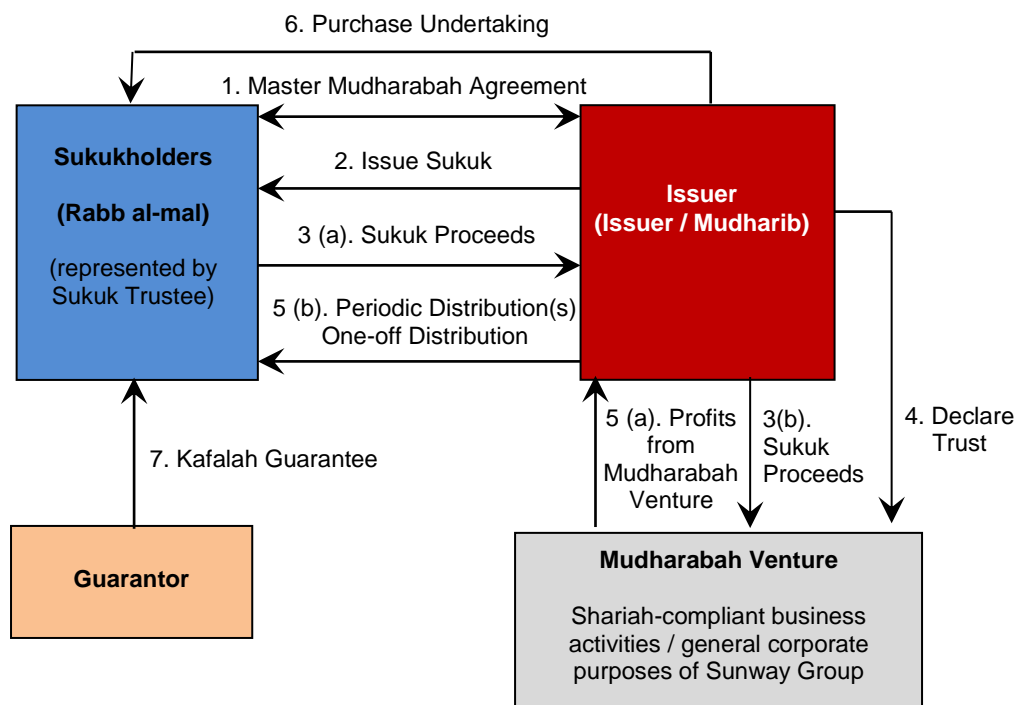
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| | | <p>2) On declaration of a Dissolution Event of such series of the Sukuk Mudharabah:-</p> <p>The Exercise Price shall be the purchase price of the Trust Assets which is at an amount equal to the Mudharabah Capital plus Expected Return less aggregate of Periodic Distribution(s) made and received and to be adjusted to be equivalent to the accreted value plus accrued but unpaid Periodic Distribution(s) (if any) up to the date of declaration of a Dissolution Event and shall be in accordance with the PayNet Rules and Procedures (as defined in <i>Other terms and conditions – Form and Denomination</i>).</p> <p>3) On the Early Redemption Date of such series of the Sukuk Mudharabah:-</p> <p>The Exercise Price shall be at such price based on the formula set out in <i>Other terms and conditions- Early Redemption Price</i>.</p> <p><u>Sukuk Mudharabah without Periodic Distribution</u></p> <p>In respect of Sukuk Mudharabah without Periodic Distribution, the Exercise Price shall be determined based on the following formula:</p> <p>1) On the maturity dates: -</p> <p>The Exercise Price shall be the purchase of the Trust Assets which is at an amount equal to the Mudharabah Capital plus Expected Return.</p> <p>2) During a Dissolution Event:-</p> <p>The Exercise Price shall be the Mudharabah Capital plus Expected Return less One-off Distribution made and received and to be adjusted to be equivalent to the accreted value up to the date of declaration of a Dissolution Event and shall be in accordance with the PayNet Rules and Procedures.</p> <p>3) On an Early Redemption Date:-</p> <p>The Exercise Price shall be the purchase of the Trust Assets which shall be at such price based on the formula set out in <i>Other terms and conditions - Early Redemption Price</i>.</p> |
| | i) Listing status and types of listing, where applicable | The Sukuk Mudharabah will not be listed on Bursa Malaysia or any other stock exchanges. |
| | j) Transaction Documents | <p>The documents for the establishment of the Sukuk Programme are:</p> <ol style="list-style-type: none"> (1) Programme Agreement; (2) Trust Deed; (3) Securities Lodgement Form; (4) Kafalah Guarantee; (5) the relevant Islamic transaction documents; and |

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| | | (6) Any other relevant documentation which may be advised by the Solicitors and mutually agreed between the PA/LA and the Issuer. |
| | k) Redemption at Maturity | Unless previously redeemed or purchased and cancelled, the Sukuk Mudharabah shall be redeemed by the Issuer at 100% of their nominal value on their respective maturity date(s). |
| | l) Sukuk Trustees' Reimbursement Account | The Issuer shall open and maintain a Shariah-compliant account designated as "Sukuk Trustees' Reimbursement Account" (as required under the Trust Deeds Guidelines) (" Sukuk Trustees' Reimbursement Account "). The Sukuk Trustees' Reimbursement Account shall be operated solely by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of a Dissolution Event which are provided in the Trust Deed. The sum of RM30,000.00 in the Sukuk Trustees' Reimbursement Account shall be maintained at all times throughout the tenure of the Sukuk Programme. |
| | m) Status | The Sukuk Mudharabah shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any discrimination, preference or priority amongst themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents. |
| | n) Taxation | <p>All payments by the Issuer shall be made in full without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the Issuer shall:</p> <ul style="list-style-type: none"> (a) ensure that the deduction or withholding does not exceed the minimum amount legally required; (b) ensure that the withholding tax declaration and submission requirements as required by law are complied with; (c) forthwith pay to the payee such additional amount so that the net amount received by the payee will equal the full amount which would have been received by the payee had no such deduction or withholding been made; (d) pay to the relevant taxation or other authorities within the period for payment permitted by applicable law the full amount of the deduction or withholding; and (e) furnish to the relevant payee, within the period for payment permitted by applicable law, either: <ul style="list-style-type: none"> (i) an official receipt of the relevant taxation authorities in respect of all amounts so deducted or withheld as aforesaid; or (ii) if such receipts are not issued by the relevant taxation authorities on payments to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or |

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| | | withholding. |
| | o) Form and Denomination | <p><u>Form</u></p> <p>The Sukuk Mudharabah shall be issued in accordance with:</p> <ul style="list-style-type: none"> (a) the Participation and Operation Rules for Payments and Securities Services issued by PayNet ("PayNet Rules"); and (b) the Operational Procedures for Securities Services issued by PayNet as amended or replaced from time to time ("PayNet Procedures"), <p>(collectively "PayNet Rules and Procedures").</p> <p>Each issuance of Sukuk Mudharabah shall be represented by a global certificate ("Global Certificate") to be deposited with BNM, and is exchanged for a definitive bearer form only in certain limited circumstances.</p> <p><u>Denomination</u></p> <p>The Sukuk Mudharabah shall:</p> <ul style="list-style-type: none"> (a) have a denomination of not less than Ringgit Malaysia One Thousand (RM1,000.00) in nominal amount or such other amount that may be mutually agreed between the Facility Agent and the Issuer; and (b) be issued in integral multiples of Ringgit Malaysia One Thousand (RM1,000.00) in nominal value or such other multiple that may be mutually agreed between the Facility Agent and the Issuer. |
| | p) Jurisdiction | The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia. |

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2.2 DIAGRAMMATICAL ILLUSTRATION OF THE SUKUK MUDHARABAH



| Step | Description |
|--------|--|
| 1. | Under the Mudharabah transaction, the Issuer (as “ Mudharib ”) shall enter into a master Mudharabah contract with the Sukuk Trustee, acting on behalf of the Sukukholders (as “ Rabb al-mal ”) (“ Master Mudharabah Agreement ”). Pursuant to the Master Mudharabah Agreement, the Sukukholders shall from time to time provide capital to the Issuer for the purpose of the Sukukholders’ investment in the Issuer’s Shariah-compliant business, which comprises the provision of Islamic inter-company advances or investment in the Shariah-compliant business activities and/or general corporate purposes of the companies within Sunway Group (as defined under <i>Other terms and conditions – Transaction Documents</i>) (“ Mudharabah Venture ”). The Shariah-compliant business will be valued at the book value based on the latest audited financial statements of the Issuer. |
| 2. | The Issuer shall issue the Sukuk Mudharabah to the Sukukholders. |
| 3 (a). | The Sukukholders, as the Rabb al-mal, shall participate in the Mudharabah Venture by subscribing to the Sukuk Mudharabah which will be issued in series, pursuant to the Sukuk Programme. Each series represents a Mudharabah Venture on its own. Proceeds from the Sukuk Mudharabah represent 100% of the Sukukholders’ capital contribution (“ Mudharabah Capital ”) in the said Mudharabah Venture. |
| 3 (b). | The Issuer on the other hand, as the Mudharib, shall be granted by the Sukukholders the absolute entrepreneurial authority to manage the Mudharabah Venture and administer the collection of income from the Mudharabah Venture. |
| 4. | The Issuer shall subsequently make a declaration of trust over the undivided rights and entitlements of the Sukukholders under the Mudharabah Venture (“ Trust Assets ”) for the benefit of the Sukukholders and itself. The Sukuk |

| | |
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| | Mudharabah represents each of the Sukukholders' undivided proportionate beneficial interests in the Trust Assets. |
| 5 (a). | Profits generated from the Mudharabah Venture shall be shared between the Rabb al-mal and the Mudharib according to a pre-agreed profit-sharing ratio of 99:1 while losses shall be borne solely by the Rabb al-mal. |
| 5 (b). | <p>In respect of Sukuk Mudharabah with periodic distribution, the payment of profits generated from the Mudharabah Venture (the "Periodic Distribution(s)") shall be distributed semi-annually or such other period to be agreed ("Periodic Distribution Date") to the Sukukholders.</p> <p>The Rabb al-mal's share of profits shall be the return expected ("Expected Return") by the Sukukholders from the Mudharabah Venture which shall be the yield of the Sukuk Mudharabah for the period from the issuance of the Sukuk Mudharabah up to the respective maturity dates or the date of declaration of an event which dissolves the Mudharabah Venture ("Dissolution Event") or the early redemption date of the Sukuk Mudharabah ("Early Redemption Date"), as the case may be.</p> <p>Under the Mudharabah Venture, the Sukukholders have agreed upfront that they shall receive profits up to the Expected Return. Any amounts in excess of the Expected Return shall be given to the Mudharib as an incentive fee for successfully managing the Mudharabah Venture. A partner may waive his right under the Shariah principle of Tanazul (Waiver of rights) on the profit payments from the Mudharabah Venture, if he desires so.</p> <p>In respect of Sukuk Mudharabah with periodic distribution, in the event any of the periodic distributions within the Expected Return is insufficient to be paid to the Sukukholders, the Issuer shall make advance profit payments ("Advance Profit Payments") equal to such deficiency.</p> <p>In respect of Sukuk Mudharabah without Periodic Distribution, the payment of profits generated from the Mudharabah Venture shall be distributed to the Sukukholders on a one-off basis ("One-off Distribution") on the respective maturity dates or during a Dissolution Event, or on an Early Redemption Date of such Sukuk Mudharabah, whichever applicable.</p> <p>If, on any One-off Distribution date, the income generated from the Mudharabah Venture is insufficient to meet the expected One-off Distribution, the Issuer shall make Advance Profit Payments during the tenure of the Sukuk Mudharabah equal to such deficiency.</p> <p>For the avoidance of doubt any Advance Profit Payments made by the Issuer shall be offset against the Exercise Price.</p> |
| 6. | <p>The Issuer shall undertake to purchase the Trust Assets from the Sukuk Trustee (acting on behalf of the Sukukholders) at the Exercise Price via a Mudharabah purchase undertaking ("Purchase Undertaking") upon the occurrence of the earlier of the respective maturity dates of the Sukuk Mudharabah or declaration of a Dissolution Event or on an Early Redemption Date.</p> <p>A sale agreement shall be entered into between the Issuer and the Sukuk Trustee to effect the exercise of the Purchase Undertaking.</p> <p>Upon the exercise of the Purchase Undertaking and the payment of the Exercise Price, the Mudharabah Venture and the trust over the Trust Assets shall be dissolved and the Sukuk Mudharabah shall be cancelled.</p> |

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| 7. | Sunway shall issue an irrevocable and unconditional Kafalah Guarantee, which shall be applicable in respect of all series of the Sukuk Mudharabah in favour of the Sukuk Trustee to guarantee all payment obligations of the Issuer under the Purchase Undertaking which shall include ta'widh (if any). The Kafalah Guarantee is triggered upon declaration of a Dissolution Event under the Trust Deed. |
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3.0 INFORMATION ON THE ISSUER

3.1 Corporate History

The Issuer was incorporated in Malaysia as a private limited company on 8 April 2014 as Fantastic Prolink Sdn Bhd and subsequently changed its name to Sunway Treasury Sukuk Sdn Bhd on 23 July 2014.

The principal activity of the Issuer is to conduct treasury and financing operations, including but not limited to advancing, depositing or lending money to its related companies.

3.2 Share Capital & Shareholding structure

As at the LPD, the issued and fully paid up capital is RM300,000/- divided into 300,000 ordinary shares and the sole shareholder as at the LPD is as follows:

| Shareholder | Direct | |
|-------------------------|------------------------|-----|
| | No. of ordinary shares | % |
| Sunway Treasury Sdn Bhd | 300,000 | 100 |

The Issuer is a wholly-owned subsidiary of STSB, which in turn is a wholly-owned subsidiary of Sunway.

3.3 Board of directors and their profiles

The profiles of the Board of the Issuer as at the LPD are as follows:

- (i) **Chong Chang Choong**, a Malaysian, aged 60, is a company director of the Issuer. He was appointed to the Board of the Issuer on 20 May 2014.

In 1980, Chong Chang Choong ("**Mr. Chong**") started his career as an Article Clerk in Robson Rhodes, a chartered accountant firm in London. He returned to Malaysia in 1984 and he was a Corporate Banking Officer with Bumiputera Merchant Bankers Bhd. Subsequently, he held various positions in different financial institutions, including John Hancock Life Insurance Berhad and DMG K&N Kenanga Berhad. His last position prior to joining Sunway Group was the General Manager – Investments of Public Mutual Berhad from 1995 to 2004. Under his guidance, Public Mutual Berhad won numerous fund management awards.

Mr. Chong joined Sunway Group as the Director of Group Corporate Affairs on 1 December 2010 and he is responsible for overseeing the corporate finance and treasury functions. Upon the listing of Sunway, he was redesignated to Chief Financial Officer of Sunway.

Mr. Chong is a Member of Institute of Chartered Accountant in England and Wales and he has more than 20 years of experience in banking, stockbroking, corporate finance and portfolio fund management.

As at the LPD, Mr. Chong sits on the Board of Gopeng Berhad.

- (ii) **Tan Poh Chan**, Malaysian, aged 58, is a company director of the Issuer. She was appointed to the Board of the Issuer on 20 May 2014.

Tan Poh Chan ("**Ms. Tan**") started her career at Ernst & Young in 1984. She has more than 30 years of financial management expertise in various industries. After 5 years of working experience in audit, taxation and financial advisory, she joined Sunway City Berhad as an accountant. During her tenure of service, she played a key role in the expansion of Sunway Group from property development to property investment, leisure and hospitality, as well as the listing of Sunway City Berhad on the Main Market in

1996. In 1999, she was promoted to the position of General Manager- Finance and was transferred to Sunway Construction Berhad, which was taken private 5 years later.

Before her appointment as the Chief Financial Officer of Sunway City Berhad on 1 April 2008, she was the Chief Financial Officer of the construction division of Sunway Holdings Berhad. Upon listing of the Sunway Berhad on the Main Market, she assumes her current role as the Deputy Group Chief Financial Officer of Sunway Group. She is a member of the Malaysian Institute of Accountants (MIA).

As at the LPD, Ms. Tan has no directorship in any public listed companies in Malaysia.

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4.0 INFORMATION ON SUNWAY GROUP

4.1 Corporate History

Sunway was incorporated as a private limited company under the Companies Act, 1965 on 10 November 2010 as Alpha Sunrise Sdn Bhd. Sunway subsequently changed its name to Sunway Sdn Bhd on 23 November 2010 and it was converted to a public limited company and assumed its present name of Sunway Berhad on 30 November 2010. Sunway was officially listed on the Main Market on 23 August 2011.

The principal activities of Sunway are investment holding and provision of management services. Sunway, through its group of companies, is involved in the businesses of property, construction, hospitality, leisure, healthcare, trading and manufacturing, building materials and quarry.

Each of Sunway's subsidiaries has synergistic alliances within the Sunway Group, strengthening its operations and providing a strong platform upon which the Sunway Group can expand its presence over a multitude of geographical areas. Currently, Sunway's global presence through its construction, property development, property investment, trading and manufacturing, quarry, building materials and healthcare division include Malaysia, Singapore, China, Australia, India, Vietnam, Indonesia, Thailand, Cambodia. With this, Sunway is well positioned for long term growth in the international business arena.

4.2 Share Capital and substantial shareholdings

A. Share Capital as at the LPD

As at the LPD, the issued and fully paid up capital is RM5,013,649,726.56 divided into 4,924,366,723 ordinary shares.

B. Substantial shareholders and their shareholdings as at the LPD

| Substantial Shareholders | Direct | | Indirect | |
|--|--------------------|-------|------------------------------|-------|
| | No. of shares held | % | No. of shares held | % |
| Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO | 249,108,108 | 5.13 | 2,736,925,095 ⁽¹⁾ | 56.40 |
| Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng | - | - | 2,986,033,203 ⁽²⁾ | 61.53 |
| Sarena Cheah Yean Tih | 5,145,175 | 0.11 | 2,976,778,211 ⁽³⁾ | 61.34 |
| Evan Cheah Yean Shin | 4,112,535 | 0.08 | 2,976,775,493 ⁽⁴⁾ | 61.34 |
| Adrian Cheah Yean Sun | - | - | 2,976,775,493 ⁽⁴⁾ | 61.34 |
| Sungei Way Corporation Sdn Bhd | 2,727,667,385 | 56.21 | - | - |
| Active Equity Sdn Bhd | - | - | 2,727,667,385 ⁽⁵⁾ | 56.21 |
| Employees Provident Fund Board | 346,480,970 | 7.14 | - | - |

Notes :

- (1) Deemed interest by virtue of Section 8 of the Companies Act, held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd ("SWCSB") and children.
- (2) Deemed interest held through spouse and children.
- (3) Deemed interest by virtue of Section 8 of the Companies Act, held through Active Equity Sdn Bhd, SWCSB, spouse and parent.
- (4) Deemed interest by virtue of Section 8 of the Companies Act, held through Active Equity Sdn Bhd, SWCSB and parent.
- (5) Deemed interest by virtue of Section 8 of the Companies Act, held through SWCSB.

4.3 Sunway Group Corporate Structure

The group corporate structure of Sunway as at the LPD is set out in Annexure 2 of this Information Memorandum.

4.4 Key Business Segments of Sunway Group

References to “the division” in each subsection below shall mean such respective division of Sunway Group.

4.4.1 Property Development

Sunway's property development division stands firm as one of the top property developers in Malaysia delivering over 28,000 property units as at end-2017. The Sunway brand is built on innovation, quality and sustainability, values which are reflected in the division's portfolio of residential, commercial and retail properties. Impelled by its vision to be a leading regional property developer, the division has expanded its geographical footprint across Malaysia and established a presence in key property markets such as Singapore, China and Australia.

The division adopts a unique “Build, Own, Operate” business model in its development projects, maintaining hands-on involvement at every stage. The approach has proven successful with Sunway Group's flagship integrated township, Sunway City. The 800-acre, multiple award-winning township incorporates eight fundamental components, namely residential, commercial, leisure, hospitality, retail, education, healthcare and industrial. The division takes ownership and management of several components, shouldering the ‘co-investor’ role together with the buyers of Sunway Group's properties.

Replicating the success of Sunway City, the division has since applied its business model in Sunway Group's other integrated developments, namely Sunway City Ipoh, Sunway Damansara, Sunway Velocity, Sunway Penang and Sunway Iskandar, the division's most sizable venture yet. Besides integrated developments, the division is also well known for its expertise and capacity in building standalone residences of distinction. In its portfolio are Kiara Hills, Sunway Palazzio, Sunway Vivaldi, Sunway SPK Damansara, Sunway Montana and Sunway Eastwood, amongst others.

4.4.2 Property Investment and REIT

Sunway's property investment and REIT division owns and manages a portfolio of retail and commercial assets held directly through subsidiaries of Sunway Group, or indirectly, via Sunway REIT. As at 31 December 2017, the division recorded over RM9.4 billion worth of Assets Under Management (AUM) with a total NLA exceeding 10.0 million square feet. These assets generate stable, recurring rental income for Sunway Group.

Retail – The retail assets in the portfolio are strategically located in Sunway Group's integrated townships or mixed developments. There are a total of eight (8) retail establishments under the division's ownership and management, summing up to an NLA of approximately 4.1 million square feet. The portfolio consists of Sunway's flagship mall – Sunway Pyramid Mall in Sunway City, Sunway Velocity Mall, Sunway Putra Mall, Sunway Giza Mall, Sunway Carnival Mall, SunCity Hypermarket in Sunway City Ipoh, and two (2) new retail podiums, Sunway GEO Avenue and Sunway Citrine Hub.

Commercial – Equally paramount to the division's long term, sustainable growth is its commercial segment, with a diversified portfolio encompassing office towers, university campuses, student accommodations, an industrial asset and a medical centre. Sunway Group owns and/or operates six prime office towers in the Klang Valley which are Menara Sunway, Sunway Pinnacle and the newest addition – Sunway GEO Tower in Sunway City; Sunway Tower and Sunway Putra Tower in the heart of Kuala Lumpur; and Wisma Sunway in Shah Alam. The division also manages SunMed, and a newly acquired industrial asset – Sunway REIT Industrial – Shah Alam 1, as well as two premier university campuses, Sunway University and Monash University Malaysia, and their respective student accommodations. The segment manages a total NLA of approximately 5.9 million square feet.

4.4.3 Leisure

Sunway's leisure division takes great pride in delighting thrill seekers through its two world class theme parks – Sunway Lagoon in Sunway City and Lost World Of Tambun in Sunway City Ipoh, Perak.

Sunway Lagoon boasts more than 90 attractions across six (6) signature parks – the Water Park, Amusement Park, Wildlife Park, Extreme Park, Scream Park and the latest addition, Nickelodeon Lost Lagoon which was completed in 2016. Sunway Lagoon is a top destination of choice and has recorded over 20 million visitors since its inception in 1992. Crowned as 'Asia's Best Attraction' by the International Association of Amusement Parks and Attractions (IAAPA) for four (4) consecutive years, Sunway Lagoon strives to be at the forefront of the industry, captivating visitors with a series of firsts in entertainment. The family friendly theme park features the World's Largest Water Ride – Vuvuzela, World's First Waterplexx 5D, World's Largest Man-Made Surf Beach, Malaysia's First Interactive Zoo and Malaysia's First Surf Simulator – FlowRider.

Located in Ipoh is Sunway Group's second theme park, Lost World Of Tambun. It is a tranquil, green park set against 260 million-year old limestone hills, carefully assimilated with seven attraction parks – the Water Park, Amusement Park, Lost World Hot Springs Night Park, Tiger Valley, Lost World Petting Zoo, Tin Valley and Adventure Park. With a refreshing blend of fun and nature, Lost World Of Tambun has become a popular action and adventure family holiday destination, attracting visitors from all over the world.

As a one-of-its-kind theme park in Southeast Asia with natural hot springs coupled with an array of attractions and rides, Lost World Of Tambun is the ultimate day and night destination for all ages. In addition to offering fun, wholesome and educational experiences for families, the park is also the perfect setting for business entities and MICE groups to conduct team building activities or meetings at any of its themed locations, including the Lost World Hotel and Kepura Cave.

4.4.4 Hospitality

Sunway's hospitality division operates 11 hotels and resorts in key cities in Malaysia, Cambodia and Vietnam, representing a collection of 3,386 guestrooms, suites and villas. The division also serves the needs of business travellers and convention goers with its meeting and exhibition facilities and small to large scale convention centres.

The division's flagship property is the 5-star Sunway Resort Hotel & Spa, located within the iconic 800-acre integrated township of Sunway City. Sunway Resort Hotel & Spa is complemented by two other hotels in Sunway City, namely the newly renovated 4.5-star Sunway Pyramid Hotel and the 4-star Sunway Clio Hotel, ideal for both leisure and business stays.

In Kuala Lumpur, the brand's presence is anchored by the 5-star Sunway Putra Hotel, located strategically in the integrated mixed development of Sunway Putra that combines a vibrant shopping mall and an office tower, and is linked directly to the Putra World Trade Centre (PWTC). In 2017, the division also opened its latest property, Sunway Velocity Hotel in Cheras, Kuala Lumpur.

Other hotels and resorts in the collection include The Banjaran Hotsprings Retreat and Sunway Lost World Hotel in Sunway City Ipoh, and Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya in Penang. In addition, Sunway owns and manages Sunway Hotel Phnom Penh in Cambodia and Sunway Hotel Hanoi in Vietnam, serving the Indochina region. Further reinforcing Sunway Group's hospitality portfolio is the dedicated exhibition and convention facilities, namely Sunway Pyramid Convention Centre in Sunway City.

4.4.5 Construction

Sunway Construction Group Berhad ("**SCGB**"), its newly listed subsidiary in 2015, is the largest listed pure play construction company in Malaysia by revenue.

With a commitment to nation building, SCGB has thrived into one of the most reputable, pure play construction players in Malaysia. SCGB offers a unique value proposition as a leading contractor,

providing a full range of integrated services, spanning from building, civil and infrastructure engineering, foundation and geotechnical engineering, mechanical, electrical and plumbing services (MEP), to the manufacture and sale of precast concrete products. The division's identity as an end-to-end solutions provider adds to its competitive edge, and is a major market differentiator and enabler for SCGB to be a regional one-stop centre, administering projects from conception to completion.

Over the past 36 years, the division's pledge to excellence and continuous improvement has seen its expansion throughout Malaysia and beyond its borders, venturing into Singapore, the Middle East, India and Trinidad & Tobago. SCGB has built an impressive portfolio of sizable, iconic landmark projects, including key developments in Sunway City, Kuala Lumpur Convention Centre, Legoland Malaysia Theme Park and Water Park, Pinewood Iskandar Malaysia Studios, major government building projects in Putrajaya, as well as the Al-Reem and Rihan Heights projects in the United Arab Emirates.

The division's notable civil infrastructure projects include the SILK Highway, sections of the Maju Expressway and South Klang Valley Expressway, Klang Valley Mass Rapid Transit (MRT) Package V4, Light Rail Transit (LRT) Kelana Jaya Line Extension (Package B), Bus Rapid Transit (BRT) – Sunway Line, as well as seven (7) highway projects in India.

Aligned with the division's interest in sustainable, lean manufacturing methods, SCGB advocates the adoption of Industrialised Building Systems (IBS) or precast concrete products, and has precast manufacturing facilities in Johor, located in Senai and Sunway Iskandar, with a total capacity of more than 156,600m³ per annum. The division also enjoys competitive advantage from its proprietary Virtual Design and Construction (VDC) programme. This powerful computer-aided design and modelling technology is capable of supporting and managing the design, construction and business metrics of a development project to maximise overall efficiency.

The division closed 2017 with the highest order book replenishment to-date of RM4.0 billion. Outstanding order book as at 31 December 2017 was also at a high of RM6.1 billion, providing earnings visibility for the division.

4.4.6 Trading and Manufacturing

Sunway's trading and manufacturing division was established in 1983. With strategic management and expansion through both organic and inorganic means, the division has thrived into an international trading house. The division carries five main product lines, namely hoses & fittings, heavy equipment parts, heavy equipment, building materials and industrial hardware. The division has an active presence regionally via its distribution points in Malaysia, Singapore, Thailand, Indonesia, China and Australia. It serves a clientele base of 13,000 across a dynamic mix of industries, including construction, marine, oil and gas, mining, agriculture, manufacturing, logging and quarrying.

The division employs a partnership centric approach, building strength through affiliations with well-established global brands. As at end-2017, the division carries 150 agency lines, including CASE, SANY, Furukawa, Unic, Airman, Lonking and Weichai for heavy equipment; FP Diesel and DCF Trek for heavy equipment parts; Copperstate and KLAH for hoses and fittings; and Bosch, 3M, Stanley and Bahco for industrial hardware.

The division also believes in powering growth through product innovation to achieve long term business sustainability. This has catalysed the development of a series of fine quality in-house brands, to further complement its existing agency lines. Amongst the in-house brands are Sunflex and TotalRubber hoses and fittings, and Suntrak undercarriage parts. Winstar, a new addition to the division since 2015, has also developed several in-house labels, such as Nietz hand tools and abrasive, Sobar safety shoes, Winsir household and gardening tools, and Galaxy spray paint and waterproofing.

4.4.7 Quarry

Sunway's quarry division is a well-established player in the local quarry scene, with core businesses in the supply of aggregates and production of asphalt. Since re-entering the industry in 2005, the

division has rebuilt its capacity through the years and has gained vast experience in supplying aggregates and asphalt to some of the nation's largest developments and infrastructure projects.

The division operates six quarries across Peninsular Malaysia, upholding its stature as a leading supplier of crushed rock aggregates. It produces a comprehensive range of single sized and blended aggregates for ready mixed concrete and other construction activities.

There are a total of 13 asphalt plants in the division's portfolio. The plants are strategically located along development corridors and in close proximity to major artery highways, enabling easy access, better efficiency and ability to capitalise on the business opportunities within the vicinity.

4.4.8 Building Materials

Sunway Group's building materials division constitutes three core segments, namely Interlocking Concrete Pavers ("ICP"), Vitrified Clay Pipes ("VCP"), and Spun Piles. All segments focus on sustainable business practices and eco-friendly manufacturing processes, producing products which are in compliance with Eco-Label and Green Label requirements. All manufacturing facilities are also ISO 9001:2008 and ISO 14001:2004 accredited.

Sunway is a strong brand to be reckoned with in the ICP industry, with a track record that extends beyond three decades. The division's consistent focus on high quality products and innovation gives it a competitive edge, warranting it the dominant position in the country. As at end-2017, the division owns and operates four plants, contributing to a combined production capacity of over 3.0 million m² of pavers per annum. The four plants are located at each corner of Peninsular Malaysia, namely Batang Kali in Selangor, Nibong Tebal in Penang, Senai in Johor, and Marang in Terengganu, to ensure thorough coverage of the local market.

With over 20 years of participation in the industry, Sunway's VCP segment is one of the largest producers of VCP in the nation, boasting a production capacity of 55,000 tonnes per year. The business is principally involved in the production of fully glazed VCPs and jacking pipes, which are commonly used in the country's sewerage system. VCPs are known for their superior durability and resistance to cracking or flaking, even in extreme climates and conditions.

The Sunway Group's flagship spun pile plant in Zhuhai, China boasts an annual production capacity of over 200,000 tonnes, coupled with its technical competence in fabricating large diameter pre-stressed high strength concrete ("PHC") spun piles, suitable for major infrastructure and construction projects such as wharfs and bridges. The division's ability in fulfilling deliverables has made it one of the biggest and most advanced spun pile manufacturers in the region.

Aligning to its vision of becoming an established PHC spun piles supplier regionally, the division embarked on its first expansion plan into the Malaysian market, with a new plant in Batang Kali, Selangor which has a capacity to produce up to 300,000 tonnes of spun piles yearly.

4.4.9 Healthcare

Established in November 1999, SunMed is the flagship hospital for Sunway Group's healthcare division. The hospital serves as one of the leading private tertiary hospitals in Malaysia and is located in the integrated township of Sunway City. SunMed has grown considerably over the years to become a provider of distinct and high quality medical care. There are approximately 215 consultant specialists and more than 2,000 health professionals serving to raise overall healthcare standards. All practicing doctors are of consultant specialist level and possess internationally recognised postgraduate qualifications as well as a stipulated number of years' experience in their chosen specialty or sub-specialty discipline.

At SunMed, an extensive range of medical services is offered, including outpatient, day surgery and in-patient specialty care, health & wellness programmes, 24-hour emergency services, and dedicated Critical Care Units (CCU), Neonatal Intensive Care Units (NICU) and High Dependency Units (HDU) which serve to deliver critical care. In the Accident and Emergency (A&E) unit, first response and primary care services are managed by a team of qualified and experienced medical doctors, nurses, paramedics and support staff.

In striving to provide an integrated and patient centric approach to healthcare services, multiple Centres of Excellence (“CoE”) were introduced and developed, covering a diverse range of medical specialties. Each of the 25 CoEs at SunMed serves as a focus hub, bringing together a team of experts to address the increasingly sophisticated needs of the population.

4.5 Major awards and recognition to Sunway Group

4.5.1 2017 January

ACCA Malaysia Sustainability Reporting Awards (MaSRA) By the Association of Chartered Certified Accountants Malaysia

Sunway Group scooped two commendation awards at ACCA MaSRA 2016, while SunCon and Sunway REIT were shortlisted for their continuous efforts in sustainability reporting.

The ACCA MaSRA was first developed to recognise organisations which report and disclose material economic, environmental and social information in line with sustainability reporting frameworks. Besides encouraging the uptake of sustainability reporting, the awards also aim to raise awareness of corporate transparency issues.

Sustainability is deeply embedded in the DNA of Sunway, and is evident through the values embraced, as well as the townships built, owned and operated. These wins further reaffirm Sunway Group’s commitment to not only sustainable business practices, but also transparent demonstration through sustainability reporting.

4.5.2 2017 April

Victoria University Distinguished Alumni Award By Victoria University

Tan Sri Dr Jeffrey Cheah received Victoria University’s 2016 Distinguished Alumni Award from Chancellor of Victoria University, Mr George Pappas, at the Victoria University Graduation Ceremony held at Sunway Resort Hotel and Spa.

The Distinguished Alumni Award is awarded each year to recognise the outstanding achievements and contributions of a member of the Victoria University alumni in their chosen field of endeavour. Only one recipient is selected a year, based on several selection criteria including being recognised as a leader in their field, receiving formal recognition for their endeavours, demonstrating integrity and high ethical standards, and exemplifying the pursuit of excellence in everything they do.

As a pioneer in the Malaysian educational landscape for twinning degree programmes, Victoria University was one of the first educational institutions that Sunway Education Group was affiliated with. The Sunway Education Group and Victoria University’s 24-year academic partnership is one of Tan Sri Dr Jeffrey Cheah’s many contributions to the field of education in Malaysia.

4.5.3 2017 May

14th RAM League Awards By the Rating Agency Malaysia (RAM)

Sunway Group Founder and Chairman, Tan Sri Dr Jeffrey Cheah has become the first and only recipient of RAM Consultancy’s inaugural Sustainability Icon Award at the 14th RAM League Awards Night.

The award was conferred in recognition of Tan Sri Dr Jeffrey Cheah’s leadership in and contribution to environmental sustainability and socio-economic development, on both local and regional fronts, through Sunway Group and the JCF.

Distinguished sustainability initiatives include the transformation of disused mining land into what is now Sunway City; the establishment of Jeffrey Sachs Center on Sustainable

Development through partnership between JCF and the UNSDSN; and Sunway's pledge to 17 United Nations Sustainable Development Goals.

4.5.4 2017 May
BCI Asia Awards 2017
By BCI Asia

Sunway Berhad was named Malaysia's Top 10 Property Developer in the BCI Asia Awards 2017, marking Sunway Group's seventh consecutive year of recognition in the regional event.

Presented annually to the top 10 developers and architects in seven (7) key Asian markets, namely Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, the award promotes and lauds sustainable developments in both social and environmental aspects. Property developers are evaluated based on the extent of sustainability incorporated in their projects from the prior year. The judging criteria are established by BCI Asia and the green building ratings are awarded through World Green Building Council (WGBC) accredited certifications.

This series of recognitions reaffirms Sunway's stature as a responsible Master Community Developer in Malaysia and its deep-rooted commitment to sustainable developments.

4.5.5 2017 May
Global Health and Travel GHT-Bernstein 2017 APAC Healthcare & Medical Tourism Awards
By AB Bernstein and Global Health & Travel magazine

SunMed was named joint runner-up for the Medical Tourism Hospital of the Year 2017 Award in the Asia Pacific region, alongside Mount Elizabeth Hospital, Singapore, at the GHT-Bernstein 2017 APAC Healthcare and Medical Tourism Awards. The winner of the category was Bumrungrad Hospital, Thailand. At the same award ceremony, SunMed also won Best Orthopaedic Service Provider of the Year 2017 in Asia Pacific, and was acknowledged as the healthcare facility of choice for medical travellers.

The awards are jointly organised by AB Bernstein, a globally-recognised leading investment management and research firm, and the Hong Kong-based Global Health & Travel magazine. The GHT-Bernstein Awards recognise healthcare providers that have maintained consistently high standards in delivering customer value and demonstrated outstanding performances in initiatives that improve the way healthcare is delivered through areas such as leadership, technological innovation, customer service and strategic product development.

The awards are among the prestigious accolades for SunMed as the healthcare centre has also received two awards at the International Medical Travel Journal (IMTJ) Awards 2017, namely the International Hospital of the Year 2017 and Best Marketing Initiative awards.

4.5.6 2017 May
Kuala Lumpur Mayor's Tourism Awards 2017
By the Kuala Lumpur Tourism Bureau

Sunway Putra Mall was the Gold Award winner for the Shopping Mall category in the Kuala Lumpur Mayor's Tourism Awards 2017.

The award distinguishes and recognises the crème de la crème in the Kuala Lumpur tourism scene, acknowledging their contribution to the city's socio-economic growth through revenue generation and employment opportunities. Criteria for judging is based on the Kuala Lumpur Tourism Master Plan 2015-2025 with entries going through stringent selection by a panel of judges and public voting.

2017 marked Sunway Putra Mall's first participation and first victory in the event after only two (2) years in operation. This win reinforces Sunway Putra Mall's status as a Malaysia Tourism Quality Assurance (MyTQA) certified mall that delivers stellar service quality and tourism

products. Unique initiatives by the mall include appointment of customer service staff as DBKL's brand ambassadors to promote heritage walks in Kuala Lumpur and collaborations with Malaysian Airlines and MATTA FAIR® to promote Kuala Lumpur as a tourism destination.

4.5.7 2017 August
ASEAN@50 Commemorative Dinner & Achievement Awards
By the ASEAN-Business Advisory Council Malaysia (ASEAN-BAC)

Sunway Group Founder and Chairman, Tan Sri Dr Jeffrey Cheah was honoured with the ASEAN@50 Lifetime Achievement Award, the highest tribute by the ASEAN-Business Advisory Council Malaysia (ASEAN-BAC).

Tan Sri Dr Jeffrey Cheah was appreciated for his exceptional vision, dedication and contributions in the fields of business, education and sustainability, in Malaysia and also other ASEAN countries, through Sunway Group and the JCF.

One of the key achievements lauded during the selection process was Tan Sri Dr Jeffrey Cheah's immense effort in rehabilitating Sunway City from a tin-mining wasteland to a thriving integrated sustainable township, transforming the local social and economic landscape.

4.5.8 2017 August
IDC Smart City Asia Pacific Awards (SCAPA) 2017
By International Data Corporation (IDC)

Sunway City was named the Integrated Smart and Low-Carbon Township under the Smart Buildings category at the IDC Smart City Asia Pacific Awards (SCAPA) 2017, emerging as the first and only township in Malaysia to clinch this prestigious regional award.

SCAPA recognises the most outstanding smart city projects in Asia Pacific excluding Japan ("APeJ"), across a total of 14 functional smart city award categories. The award is the culmination of a rigorous six-phase benchmarking exercise comprising preliminary shortlisting by in-house analysts, consideration of public opinion through online voting, and evaluation by an international advisory council.

Sunway City was among the 130 high-quality smart city initiatives submitted for this award by local governments, vendors and the public across the APeJ region, and was amongst the 46 shortlisted initiatives eligible for the final public voting phase. Sunway City is Malaysia's first fully integrated green township as certified by Green Building Index in 2012, and was named a Low Carbon City by the Malaysian Institute of Planners in 2016.

4.5.9 2017 August
7th Asian Lifestyle Tourism Awards 2017
By Asia Leading Resorts Inc

The Banjaran Hotsprings Retreat in Ipoh bagged three coveted regional awards at the Asian Lifestyle Tourism Awards (ALTA™) 2017 in Singapore. The luxury retreat was recognised as one of the Most Outstanding Spa and Wellness Destination in Asia and Best Wedding Destination in Southeast Asia. In addition, the General Manager of The Banjaran Hotsprings Retreat, Mr Alex Castaldi, took home the Outstanding General Manager Award.

The ALTA™ Awards is organised by the Singapore-based Asia Leading Resorts Inc, a lifestyle tourism authority approved by 24 Asian Tourism Ministries and participating financial and banking partners in Asia. The awards aim to identify, celebrate and promote excellence in the products and services of the lifestyle tourism industry.

The Banjaran Hotsprings Retreat is the country's first luxury natural wellness hotsprings getaway set amidst limestone hills of 260 million years old and lush rainforests, nestled in the heart of Ipoh. These accolades serve as a solid testament of the resort's unwavering commitment to pushing boundaries of industry excellence to emerge and stand firm as Asia's Best.

4.5.10 2017 August
The Edge Billion Ringgit Club (BRC)
By The Edge Malaysia

Sunway Berhad and Sunway REIT took home three awards at the elite The Edge Billion Ringgit Club annual gala dinner and corporate awards. Categorised under 'Property companies of RM3.0 billion and above in market capitalisation', Sunway Berhad won gold for 'Highest Return to Shareholders over Three Years' and silver for 'Highest Return on Equity over Three Years'. Sunway REIT was presented silver for 'Highest Growth in Profit After Tax over Three Years' under the REIT category.

Sunway Berhad is viewed as a resilient stock that is able to ride out the property market slowdown due to its diversified business portfolio. The awards are introduced exclusively to identify and honour the most outstanding performers amongst the Bursa Malaysia-listed companies with RM1.0 billion and above in market value as at 31 March 2017, while inspiring more to grow into billion-ringgit corporations.

4.5.11 2017 October
HR Asia Best Companies To Work For In Asia 2017 Awards
By HR Asia

Sunway Lagoon was recognised once again for its exemplary Human Resources (HR) practices at the HR Asia Awards 2017, and was bestowed the honour of being one of Asia's "Employer of Choice" by HR Asia, the most authoritative publication on HR practices in this region.

With multiple other awards and accolades under its belt, the theme park has successfully clinched HR Asia's 'Best Companies to Work For In Asia' award for the second year in a row. Covering 12 markets across the region, the awards recognise organisations that have earned a comparative advantage through their people. Judges employ a specialised system designed by HR Asia to examine the best industry practices and inner workings of companies, with a strong emphasis on employee engagement and growth, among other factors.

4.5.12 2017 October
The Edge Malaysia Top Property Developers Awards 2017
By The Edge Malaysia

Sunway clinched a total of five recognitions at The Edge Malaysia's Top Property Developers Awards 2017. Sunway's property development division was listed amongst the top 10 property developers and emerged best in qualitative attributes. Sunway's Managing Director for its property development division (Malaysia and Singapore), Sarena Cheah received The Edge Malaysia's Outstanding Property CEO Award 2017 in recognition of her outstanding contribution to the industry. Under her stewardship, Sunway claimed the top spot as the Top Property Developer in Malaysia in 2015 and 2016 and delivered the best qualitative scores for four (4) consecutive years.

Sunway University clinched The Edge Malaysia Pioneer Development Award 2017. Sunway was one of the first developers in the country to build an educational institution within its 800-acre integrated township of Sunway City. Sunway University is owned and governed by the JCF, which is worth more than RM 1 billion in assets and is Malaysia's largest education-focused social enterprise. Sunway REIT-owned Sunway Pyramid Mall also clinched The Edge Malaysia Property Development Excellence Award 2017.

4.5.13 2017 November
Putra Brand Awards 2017
By the Association of Accredited Advertising Agents Malaysia (4As),

Sunway's divisions achieved consecutive wins and were voted as preferred brands at the Putra Brand Awards 2017. Sunway's Property Development division won the Silver Award in

the Property Development Category, its fourth award under the category. Sunway University won its second consecutive Silver Award in the Education & Learning Category while Sunway Lagoon won its third consecutive award, a Bronze Award in the Entertainment Category.

Organised by the Association of Accredited Advertising Agents Malaysia (4As), the Putra Brand Awards was endorsed by the Malaysian External Trade Development Corporation (MATRADE), and supported by the Branding Association of Malaysia (BAM), Malaysian Advertisers Association (MAA), and Media Specialists Association (MSA). The awards ceremony was held in collaboration with Star Media Group Bhd and saw more than 6,000 Malaysian consumers voting for their most preferred brands.

Sunway's wins at the Putra Brand Awards not only testifies to its ability to build relationships by delivering value in every category, but also highlights Sunway's unique position to create meaningful experiences for individuals throughout their lifetime.

4.5.14 2017 November
iProperty Development Excellence Awards 2017
By iProperty.com Malaysia

The country's first luxurious pre-fabricated homes in Johor, Sakura Residence, took home the Best International Development Award at the prestigious iProperty Development Excellence Awards 2017. Sakura Residence, a private gated community with a total of 100 prefabricated double-storey bungalows and semi-detached homes, is a collaborative effort between Sunway and Daiwa House Malaysia Sdn Bhd ("**Daiwa**").

The award reflects Daiwa and Sunway's aim to produce quality and healthy living for the community in Sunway Iskandar. The pre-fabricated homes are designed with optimal space utilisation in mind and features user-friendly elements such as non-slippery floors, waterproof socket point, finger-safe doors and user friendly switches.

The unique aspects of using prefabricated technology include high precision structure, shorter delivery timeframe, well ventilated design, energy-saving and clean living environment.

4.5.15 2017 November
National Annual Corporate Report Awards ("NACRA") 2017
By Bursa Malaysia, Malaysian Institute of Accountants, and the Malaysian Institute of Certified Public Accountants (MICPA)

Sunway Berhad and Sunway REIT successfully clinched the Industry Excellence Awards for the Properties & Hotels category and the Real Estate Investment Trusts (REITs) & Closed-End Funds category respectively at NACRA 2017. The companies were recognised for their publications of factual, comprehensive and reader friendly annual reports.

This marks Sunway Berhad's eleventh consecutive win and Sunway REIT's sixth consecutive win in the event. Sunway Construction also clinched a Certificate of Merit for its annual report.

A collaborative effort between Bursa Malaysia, Malaysian Institute of Accountants, and The Malaysian Institute of Certified Public Accountants (MICPA), NACRA aims to promote excellence in annual corporate reporting and higher standards of corporate governance.

4.5.16 2017 November
Federation Internationale des Administrateurs de Bien-Conselis Immobiliers (FIABCI)
Malaysia Property Award 2017
By FIABCI-Malaysia

Sunway Putra Mall has been named the winner of the Retail Category at the FIABCI Malaysia Property Award 2017. With this win, Sunway's malls have collectively clinched three FIABCI Malaysia Property Awards – Sunway Putra Mall in 2017, and Sunway Pyramid Mall in 2000 and 2010, making it the only mall group to achieve this distinction.

In its 25th year, the award serves to honour Malaysia's best developments in all aspects of their creation, as guidance and inspiration for developers to continue undertaking more creative and innovative projects that would benefit the industry.

4.6 Board of directors and their profiles

The directors of Guarantor and their respective profiles as at the LPD are as follows:

- (i) **Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO** (as defined hereinafter), a Malaysian, aged 73, is the Founder and Executive Chairman of Sunway Group, one of Malaysia's largest conglomerate with a multitude of established businesses in more than 50 locations worldwide.

A business and accounting graduate of Victoria University in Melbourne, Australia, Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO ("**Tan Sri Dr Jeffrey Cheah**") began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded the Sunway Group.

He has been conferred ten (10) honorary doctorates by leading universities worldwide. In 2007, Tan Sri Dr Jeffrey Cheah established the eponymous "Jeffrey Cheah Foundation" and in 2009, he transferred his equity in the Sunway Education Group worth more than RM1 billion today, in perpetuity, to the JCF. Sunway Education Group comprises, inter alia, Sunway University, Sunway College, Monash University Malaysia, Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. JCF was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of its Royal patron, His Royal Highness Sultan of Selangor. JCF will have disbursed RM400 million worth of scholarships and grants to thousands of deserving students by end 2018.

In 2017, Tan Sri Dr Jeffrey Cheah spearheaded the signing of agreements between Sunway Group and the JCF with the University of Cambridge to establish the Sunway Clinical Research Centre, which will be a Regional Site Partner of the University of Cambridge School of Clinical Medicine.

Taking a momentous step forward in the sustainability agenda, Tan Sri Dr Jeffrey Cheah through the JCF, entered into a partnership with the UNSDSN in 2016 towards implementing the United Nations Sustainable Development Goals (SDGs) and advancing sustainable development in Malaysia and Southeast Asia. The partnership will establish the Jeffrey Sachs Center on Sustainable Development at Sunway University to be a regional hub for research and policy practice, creating world-class programmes to train a new generation of students, practitioners and policy leaders.

In 2016, Tan Sri Dr Jeffrey Cheah became the first Malaysian to receive the Singapore-based Channel News Asia Lifetime Achievement Luminary Award, in recognition of his contributions to the business world and lifelong dedication to sustainable development and education.

In November 2015, Tan Sri Dr Jeffrey Cheah was appointed a member of Putrajaya Higher Education Task Force for a period of 2 years to review and transform the higher education system of Malaysia.

Tan Sri Dr Jeffrey Cheah is among Malaysia's leading philanthropists and has been recognised twice as Forbes Asia Hero of Philanthropy in 2009 and 2015 respectively.

In August 2014, Tan Sri Dr Jeffrey Cheah received a special invitation to be a member of the Global Advisory Council of Harvard University from The President of Harvard University. In recognition of Tan Sri Dr Jeffrey Cheah's continued commitment to Harvard, he was also bestowed the membership on Harvard's COUR- the Committee on University Resources, among a select group of benefactors, to strengthen university resources through the unique power of philanthropy.

In October 2013, Tan Sri Dr Jeffrey Cheah was bestowed The Edge Malaysia Outstanding Property Personality Award 2013 for his meritorious contribution to Malaysia's property industry. His stalwart leadership continues to solidify Sunway's position in the market as an innovative, trusted and reputable property player.

With generous endowments, Tan Sri Dr Jeffrey Cheah through JCF has forged academic ties with Gonville & Caius College in the University of Cambridge (Caius) in November 2014, Harvard University in July 2013, and Brasenose College in the University of Oxford in December 2015, to establish, in perpetuity, the Jeffrey Cheah Professorship Funds at each of these institutions to enable a two-way flow of scholars and researchers between the institutions and the institutions of Sunway Education Group.

In February 2013, Tan Sri Dr Jeffrey Cheah was conferred the Honorary Assistant Commissioner of Police title by Malaysia's Inspector-General of Police for his commendable efforts in crime awareness and prevention as Chairman of Malaysia Crime Prevention Foundation (Selangor Chapter).

He received the Honorary Gold Award in 2012, a top honour from the Royal Rotary Club of Kuala Lumpur, in recognition of his leadership and development of education and research in Malaysia. Prior to that, he was conferred the Honorary Fellow 2012 by the Malaysian Scientific Association (MSA) for his meritorious contribution to the development of science education, as well as for his overall contribution in the advancement of science and technology in Malaysia.

In December 2011, Tan Sri Dr Jeffrey Cheah was appointed to Malaysia's education panel to review the nation's education system by the Minister of Education. He is the Founding Trustee of the Board of Mahathir Science Award Foundation, Razak School of Government and the Perdana Leadership Foundation. He is among Malaysia's leading givers who made Forbes Asia's Heroes of Philanthropy list 2009.

In 2008, Tan Sri Dr Jeffrey Cheah was appointed Officer of the Order of Australia ("AO") by the Prime Minister of Australia. AO is one of Australia's most prestigious and highly regarded awards conferred to a non-citizen of Australia. In the same year, he was appointed Chairman of Malaysia Crime Prevention Foundation (MCPF) Selangor Chapter, by the Deputy Prime Minister and Chairman of MCPF Malaysia. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Institute.

Other achievements and appointments of Tan Sri Dr Jeffrey Cheah include:-

- | | |
|------|---|
| 2017 | <ul style="list-style-type: none">• Awarded the ASEAN@50 Lifetime Achievement Award by ASEAN Business Advisory Council Malaysia.• Awarded the inaugural Sustainability Icon Award by RAM.• Member of the Malaysian Institute of Management (MIM) Court of Emeritus Fellow.• Appointed a member of the National Productivity Council of Malaysia. |
| 2016 | <ul style="list-style-type: none">• Recipient of the Victoria University Distinguished Alumni Award.• Conferred Malaysian Institute of Management's (MIM) Malaysian Leadership Excellence Award.• Awarded the Channel NewsAsia Lifetime Achievement Luminary Award 2016. |
| 2015 | <ul style="list-style-type: none">• Founding Chair for the Malaysian 30% Club.• Conferred Honorary Fellow by the Institution of Engineers, Malaysia (IEM).• Best Chief Executive Officer for IR (Mid Cap) by the Malaysian Investor Relations Association. |

- | | |
|------|---|
| 2014 | <ul style="list-style-type: none"> • President's Award by Malaysia Institute of Planners (MIP). • Prominent Player Award by Construction Industry Development Board (CIDB) Malaysia. |
| 2013 | <ul style="list-style-type: none"> • Appointed as Council Member of the UNSDSN. |
| 2012 | <ul style="list-style-type: none"> • Appointed as Permanent Honorary President to the Federation of Hakka Associations Malaysia, in appreciation of his invaluable contributions to the Associations |
| 2007 | <ul style="list-style-type: none"> • Monash University School of Medicine and Health Sciences was named after Tan Sri Dr Jeffrey Cheah in appreciation of his contribution to Monash University Malaysia and Malaysia-Australia bilateral ties |
| 2006 | <ul style="list-style-type: none"> • His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University |
| 2002 | <ul style="list-style-type: none"> • Deputy President of National Kidney Foundation of Malaysia • First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce |
| 1999 | <ul style="list-style-type: none"> • Founding Trustee of Malaysian Liver Foundation |
| 1997 | <ul style="list-style-type: none"> • President of Malaysian Hakka Association (until 2004) • Council Member of the Financial Reporting Foundation, Malaysia |
| 1996 | <ul style="list-style-type: none"> • Appointed by the Minister of Education to the Higher Education Council of Malaysia • Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing • EXCO member of the Malaysian Tourism Action Council |
| 1990 | <ul style="list-style-type: none"> • Director of National Productivity Centre, Malaysia |

Other awards bestowed upon Tan Sri Dr Jeffrey Cheah include Property Man of the Year (Malaysia) in 1993, CEO of the Year (Malaysia) in 1996, Paul Harris Fellow Award in 2002 and Asia's Most Innovative Chinese Entrepreneur Award in 2005.

Tan Sri Dr Jeffrey Cheah was appointed to the Board of Sunway on 22 November 2010. He also serves as a Member of the Employees' Share Option Scheme Committee of Sunway.

As at the LPD, his directorships in other public companies are the JCF, Mahathir Science Award Foundation, Razak School of Government and Perdana Leadership Foundation.

- (ii) **Dato' Sri Idris Jala**, Malaysian, aged 60, is a Non-Executive Co-Chairman, Independent Non-Executive Director of Sunway. He graduated from University Sains Malaysia with a Bachelor Degree in Development Studies and Management in 1982. He obtained his Masters Degree in Industrial Relations from Warwick University in 1986.

Dato' Sri Idris Jala is the President and CEO of Malaysia's Performance Management and Delivery Unit ("**PEMANDU**") Associates. Previously, he was Advisor to the Prime Minister, National Transformation Programme and the Managing Director of Big Fast Results (BFR) Institute and CEO of PEMANDU, a unit in the Prime Minister's Department, Malaysia, the organisation tasked with spearheading Malaysia's transition

towards high income status by 2020. He also served as Minister in the Prime Minister's Department, Malaysia for six (6) years from 2009 to 2015.

He is a renowned transformation guru in turning around companies' performance through his big fast results methodology and transformational strategies that are innovative, rigorous and relevant to today's demands. He has continuously delivered sustainable socio economic reforms which, in 2014, saw Bloomberg placing him among the top 10 most influential policy makers in the world.

Dato' Sri Idris Jala is also the Founder and Executive Chairman of The Global Transformation Forum (GTF), the world's singular platform for influential, global leaders to engage and share experiences and best practices on how to drive transformation.

In addition, Dato' Sri Idris Jala is an Expert Resource Speaker at the Harvard Health Leaders' Ministerial Forum and a Visiting Fellow of Practice at the Oxford Blavatnik School of Government. He also served on the advisory panel for the World Economic Forum (WEF) on New Economic Growth and also on the Advisory Panel of World Bank.

Prior to his Government stint, Dato' Sri Idris Jala was Managing Director/CEO of Malaysia Airlines ("**MAS**") for 3 years. He was brought on board to turn around the airline which was in crisis brought about by a prolonged bout of losses from operational inefficiencies.

Before MAS, he spent 23 years at Shell Group, rising up the ranks to hold senior positions including Vice President, Shell Retail International and Vice President Business Development Consultancy, based in the United Kingdom. This included successful business turnarounds in Malaysia and Sri Lanka.

Dato' Sri Idris Jala was appointed to the Board of Sunway on 11 August 2017. He also serves as a member of the Nomination and Remuneration Committees of Sunway.

As at the LPD, his directorships in other public companies are Malaysia Petroleum Resources Corporation, Johor Petroleum Development Corporation Berhad, Big Fast Results Institute, Talent Corporation Malaysia Berhad, Heineken Malaysia Berhad and the JCF.

- (iii) **Tan Sri Datuk Seri Razman M Hashim**, Malaysian, aged 79, is the Deputy Executive Chairman, Non-Independent Executive Director of Sunway. Tan Sri Datuk Seri Razman M Hashim ("**Tan Sri Datuk Seri Razman**") completed his early secondary education in Australia. He studied banking where he became a Member of Australian Institute of Bankers. He has more than 39 years of experience in the banking industry.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad as an Officer Trainee in 1964. Throughout his 34 years of banking experience in Standard Chartered Bank Malaysia Berhad, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as Executive Director/Deputy Chief Executive of Standard Chartered Bank Malaysia Berhad until his retirement in June 1999. In the same month in 1999, he was appointed as Chairman of MBF Finance Berhad by Bank Negara Malaysia as its nominee until January 2002 when the finance company was sold to Arab-Malaysian Group.

Tan Sri Datuk Seri Razman was appointed to the Board of Sunway on 17 June 2011.

As at the LPD, his directorships in other public companies are the JCF, Marine & General Berhad (formerly known as SILK Holdings Berhad), Berjaya Land Berhad, Zurich Takaful Malaysia Berhad and Mycron Steel Berhad. He is the Alternate Trustee to Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling in Perdana Leadership Foundation.

- (iv) **Dato' Chew Chee Kin**, Malaysian, aged 72, is the President, Non-Independent Executive Director of Sunway. Dato' Chiew Chee Kin ("**Dato' Chew**") graduated with a Bachelor of Economics (Honours) Degree from University of Malaya in 1974. He had attended the Program in Management Development at Harvard Business School in 1980.

Dato' Chew started his career as a Trainee Executive in UMW (Malaya) Sdn Bhd in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn Bhd. He joined the Sunway Group in 1981 as General Manager. In 1984, he was promoted to the Group General Manager (Operations) and was subsequently promoted to Deputy Group Managing Director (Operations) in 1989. In 1995, he was promoted to Group Managing Director and to President in 1999. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.

Dato' Chew was appointed to the Board of Sunway on 17 June 2011 and he also serves as a Member of the Employees' Share Option Scheme Committee of Sunway.

As at the LPD, his directorships in other public companies are Gopeng Berhad and Sunway Construction Group Berhad.

- (v) **Sarena Cheah Yean Tih**, Malaysian, aged 44, is an Executive Director, Non-Independent Executive Director of Sunway. Sarena Cheah Yean Tih ("**Ms. Sarena Cheah**") graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance) in 1994. She obtained her Masters in Business Administration from Melbourne Business School in 2001 and is also a member of the Association of Chartered Certified Accountants (ACCA) and Capital Markets Services Representative's Licence (CMRSL) holder.

Ms. Sarena Cheah started her career with the Sunway Group since 1995 and served under various roles in the Corporate Finance, Internal Audit and Business Development departments. In 2006, she was made General Manager for Sales & Marketing of Sunway Group's Property Development division before assuming the position of Director of Strategy & Corporate Development in 2009, during which she oversaw the successful merger and integration of Sunway Holdings Berhad and Sunway City Berhad. In May 2013, she was appointed as Joint Managing Director of Property Development Division, Malaysia/Singapore and subsequently took on her current position as Managing Director of Property Development Division of Sunway in May 2015. She has led Sunway's property arm to multiple achievements including being ranked as Malaysia's Top Property Developer by The Edge Top Property Developer Awards since 2014.

Ms. Sarena Cheah was appointed to the Board of Sunway on 18 November 2010. She serves as a Member of the Employees' Share Option Scheme Committee of Sunway. She is also a Board Member of Sunway REIT Management Sdn Bhd, the Manager of Sunway REIT.

As at the LPD, her directorships in other public companies are SunREIT Capital Berhad, SunREIT Unrated Bond Berhad, Institute of Corporate Directors' Malaysia and Yayasan Raja Muda Selangor.

- (vi) **Wong Chin Mun**, Malaysian, aged 74, is a Senior Independent Non-Executive Director of Sunway. Wong Chin Mun ("**Mr. Wong**") graduated from Curtin University, Australia with Bachelor of Business (Accounting) Degree and Bachelor of Business (Secretarial Administration) Degree in 1972. He is a Fellow of Australian Society of Certified Practising Accountants. He is also a Member of Malaysian Institute of Accountants. He had attended the Senior Executives Program at International Management Imede Development at Lausanne, Switzerland in 1982. He also attended JUSE International Program for Total Quality Control for Top Management in Tokyo by Japanese Union of

Scientists and Engineers in 1993. He is a certified senior coach and trainer of Vistage International of U.S.

Mr. Wong worked as the Financial Controller/Company Secretary in Yeo Heap Seng Bhd from 1974 to 1975. He then joined Nylex (Malaysia) Berhad ("**Nylex**") as the Financial Controller/Company Secretary in January 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and left Nylex at the end of June 1994 to found TEC Asia Centre, an international organisation which aims to help chief executive officers manage change and grow their businesses.

Mr. Wong had served on the National Export Council under the Ministry of International Trade & Industry from 1989 to 1992. He also served on the Board of Trustees of Malaysian Rubber Export Promotion Council from 2000 to 2002. Currently, he is the Chairman of the FMM-MIER Business Conditions Survey Committee and a member of the FMM Strategic Policies Committee.

Mr. Wong was appointed to the Board of Sunway on 17 June 2011. He also serves as Chairman of the Audit and Employees' Share Option Scheme Committees as well as a Member of the Nomination, Remuneration and Risk Management Committees of Sunway.

As at the LPD, his directorships in other public companies are Khind Holdings Berhad, Scientex Foundation and Scientex Berhad.

- (vii) **Lim Swe Guan**, Singaporean, aged 64, is an Independent Non-Executive Director of Sunway. Lim Swe Guan ("**Mr. Lim**") holds a Bachelor of Science (Estate Management) Second Class Honours Degree from University of Singapore and a Master of Business Administration from Darden School of Business, University of Virginia, United States of America. He is a Chartered Financial Analyst and a member of Chartered Financial Analyst Institute. Among his achievements were the gold medals won from Singapore Institute of Valuers and Singapore Institute of Surveyors.

Mr. Lim started his career as a Land Officer in Urban Redevelopment Authority of Singapore in 1979. He was a Director of Jones Lang Wootton Australia from 1989 to 1995 and a Portfolio Manager, Property Division in Suncorp Investment Management in 1995.

He joined GIC Real Estate Pte Ltd in 1997 and was a Managing Director of GIC Real Estate Pte Ltd, the real estate investment arm of Government of Singapore Investment Corporation Pte Ltd (now known as GIC Private Limited) before retiring on 18 February 2011.

Mr. Lim was appointed to the Board of Sunway on 17 June 2011 and he also serves as Chairman of the Nomination Committee as well as a Member of the Audit, Remuneration and Risk Management Committees of Sunway.

As at the LPD, he has no directorship in other public companies in Malaysia.

- (viii) **Tan Sri Dato' Dr. Lin See Yan**, Malaysian, aged 79, is an Independent Non-Executive Director of Sunway. Tan Sri Dato' Dr. Lin See Yan ("**Tan Sri Dato' Dr. Lin**") is an independent strategy and financial consultant. Qualified as a Chartered Statistician, he graduated from the University of Malaya in Singapore and Harvard University (where he received three degrees, including a PhD in Economics). He is also a British Chartered Scientist, London; Professor of Economics (Adjunct), Universiti Utara Malaysia; Professor of International Finance & Business (Adjunct), Universiti Malaysia Sabah as well as an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC); Royal Statistical Society (London); Malaysian Institute of Bankers; Malaysian Insurance Institute (Hon.); Malaysian Institute of Management and Malaysian Economic

Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies.

Tan Sri Dato' Dr. Lin has a long and distinguished history of service with the Government of Malaysia and the private sector. He was Chairman/President and CEO of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Dato' Dr Lin continues to serve the public interest after his retirement, some current appointments include Member of the Prime Minister's Economic Council Working Group; key member of Steering Committees at the Ministry of Higher Education; member of the Asian Shadow Financial Regulatory Committee; Governor, Asian Institute of Management, Manila; Director, Monash University Malaysia Sdn Bhd; Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); President of Harvard Club of Malaysia and Economic Advisor to the Associated Chinese Chambers of Commerce & Industry Malaysia. In addition, he is a Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Malaysian Economic Association Foundation, the JCF and Program Pertukaran Fellowship Perdana Menteri Malaysia.

Tan Sri Dato' Dr. Lin was appointed to the Board of Sunway on 18 March 2015. He also serves as Chairman of Risk Management Committee as well as a Member of the Audit, Nomination and Remuneration Committees of Sunway.

As at the LPD, His directorships in other public companies are Genting Berhad, Wah Seong Corporation Berhad, IGB REIT Management Sdn Bhd (Manager for IGB REIT), the JCF and Ancom Berhad.

- (ix) **Tan Sri Datuk Dr Rebecca Fatima Sta Maria**, Malaysian, aged 61, is an Independent Non-Executive Director of Sunway. Tan Sri Datuk Dr Rebecca Fatima Sta Maria ("**Tan Sri Dr. Rebecca**") graduated from the University of Malaya in 1980 with a Bachelor of Arts (Honours) in English Literature. She received a Diploma in Public Administration from the National Institute of Public Administration ("**INTAN**"), Malaysia in 1981. She also has an M.S. (Counselling) from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) in 1992. Subsequently, Tan Sri Dr Rebecca obtained her Ph.D from the University of Georgia in Athens, Georgia, USA in 2000.

Tan Sri Dr Rebecca began her career in the Malaysian Administrative and Diplomatic Service in 1981 and served in various capacities in the then Ministry of Trade and Industry. In the course of her civil service career, she had a brief stint as the Chief Administration and Procurement Officer of the ASEAN Plant Quarantine and Training Centre, and contributed to human capital development at the INTAN.

She retired as the Secretary-General of the Ministry of International Trade and Industry ("**MITI Sec-Gen**") on 2 July 2016. As MITI Sec-Gen, a post she was appointed to in December 2010, she provided oversight for the formulation and implementation of Malaysia's international trade policies and positions. This involved Malaysia's participation in bilateral, regional (ASEAN, APEC, OIC) and multilateral for a (World Trade Organisation), as well as bilateral and regional trade negotiations. On the regional front, she played a key role in ASEAN economic integration and chaired the ASEAN Senior Economic Officials Meeting as well as the ASEAN High Level Task Force for Economic Integration.

In the academic field, in April 2000, she was awarded the Malcolm Knowles Award for the best Ph.D dissertation in 2000 in the field of Human Resource Development by the American Academy of Human Resource Development. She was also awarded "Professional Achievement Awards by School of Education, University of Georgia (2013)".

Tan Sri Dr Rebecca currently serves on the Board of Trustees of MyKasih Foundation. She is also the Chair of the Institute for Democracy and Economic Affairs (IDEAS) and the EU-Malaysia Chamber of Commerce and Industry.

Tan Sri Dr Rebecca was appointed to the Board of Sunway on 1 March 2018. She also serves as Chairman of the Remuneration Committee as well as a Member of the Audit, Nomination and Risk Management Committees of Sunway.

As at the LPD, her directorships in other public companies are RHB Bank Berhad, Hartalega Holdings Berhad, Lafarge Malaysia Berhad, Eco World International Berhad and RHB Investment Bank Berhad.

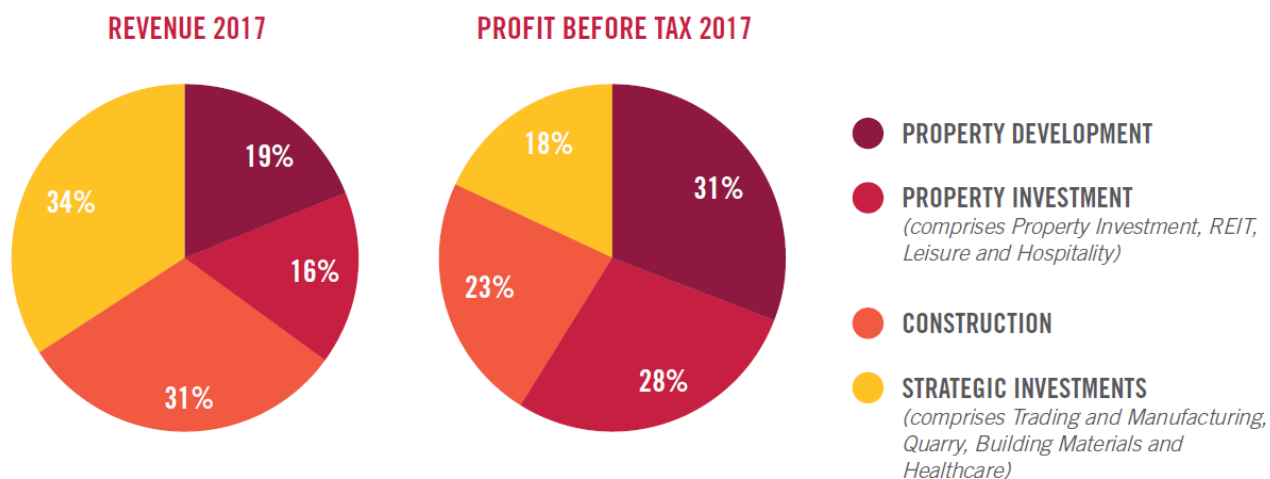
4.7 Key Financial Highlights of the Sunway Group

4.7.1 For the FY ended 31 December 2017

Set out below are the key financial highlights of Sunway Group for the FY ended 31 December 2017:

| | FY ended 31.12.2017 RM'000 (audited) |
|---|---|
| Revenue | 5,375,396 |
| Profit before taxation (" PBT ") | 882,192 |
| Profit/(loss) after taxation | 732,805 |
| Total assets | 20,207,727 |
| Total borrowings | 8,259,393 |
| Shareholders' equity | 7,844,135 |

Sunway Group consists of a portfolio of synergistic businesses, including property development, property investment, REIT, leisure, hospitality, construction, trading and manufacturing, quarry, building materials and healthcare. These businesses are market leaders in their respective industries, which helps to strengthen the competitiveness of the unique business model of Sunway Group. In June 2017, Sunway Berhad was reclassified from the properties sector to the trading/services sector on the Main Market. In September 2018, Sunway was reclassified from the trading / services sector to the industrial products and services sector, pursuant to Bursa Malaysia's revamp on the sectorial classification for companies listed on the Main Market. The performance of the various businesses of Sunway Group is reviewed below:



In conjunction with the above and for information on Sunway's prior period financials, readers may refer to Sunway's annual reports that can be found on Sunway's Investor Relations website at <https://www.sunway.com.my/investor-relations/> and on Bursa Malaysia's website.

4.7.2 For the 9-month financial period ended 30 September 2018

For the 9-month financial period ended 30 September 2018, Sunway Group recorded a revenue of RM4,040.1 million and profit before tax of RM597.1 million, compared to revenue of RM3,612.2 million and profit before tax of RM610.7 million in the corresponding period of the previous FY.

Revenue grew 11.8% compared to the corresponding 9-month period in the previous FY due to higher contributions from most business segments.

Net gearing of Sunway Group was 0.42 times as at 30 September 2018.

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5.0 INVESTMENT CONSIDERATIONS

The purchase of the Sukuk Mudharabah may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the mitigating factors of an investment in the Sukuk Mudharabah. The following is a summary of certain aspects of the issue about which prospective holders of the Sukuk Mudharabah should be aware, but it is not intended to be complete or exhaustive. Prospective investors should undertake their own investigations and analysis on the Issuer and its group of companies, their respective businesses and the risks associated with the Sukuk Mudharabah and should consider carefully, in the light of their own financial circumstances and investment objectives, the investment considerations set forth below along with all other information set forth in this Information Memorandum before making an investment decision.

Investors should also note that each issuance under the Sukuk Programme will carry different risks and all investors should evaluate each issuance of the Sukuk Mudharabah on their respective merits. The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. Sunway Group's actual results could differ materially from those anticipated in these forward looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.

5.1 Risks relating to the Issuer and Sunway Group

5.1.1 Reliance on Sunway's group of companies

The Guarantor is a holding company and relies mainly on its investment income, including interests and dividends from its subsidiaries and associate companies to meet its obligations including the obligations under the Sukuk Mudharabah. Its subsidiaries and associate companies are separate legal entities and have no obligations with respect to the Sukuk Mudharabah. The ability of the Issuer's subsidiaries and associate companies to pay dividends and interests on shareholder's advances (if any) and, to the extent that the Issuer relies on such dividends and interests to meet its obligations under the Sukuk Mudharabah are subject to all applicable laws and restrictions on the payment of dividends and interests contained in the articles of association of the relevant companies and in certain cases, financing or other agreements. In addition, certain outstanding indebtedness of some of the Issuer's subsidiaries and associate companies may contain covenants restricting the ability of such companies to pay dividends and interests so long as such indebtedness remains outstanding.

5.1.2 Business risks relating to Sunway Group

Like every other business, the performance of Sunway Group is dependent on the performance and growth of the economy. Hence, it is exposed to certain risks inherent in the property development, property investment and REIT, hospitality and leisure, construction, quarry and building materials, trading and manufacturing and healthcare industries. These include, amongst others, changes in the general economic conditions such as government laws, regulations, rules and orders, taxation, inflation, interest rates, exchange rate of foreign currencies and changes to business conditions such as deterioration in market conditions, rising cost of raw materials, building materials and labour.

Sunway Group is managed by a professional management team with proven skills and experience, and sufficient risk management measures to manage and mitigate these risks have been put in place. However, no assurance can be given that any change to these conditions will not have a material adverse effect on Sunway Group's businesses.

(A) Property development business

(i) Business risk

The property development division is generally subject to certain risks inherent in the property sector. These risks relate to rising costs of materials, shortage of inputs

including raw materials and manpower, decreasing land bank in strategic locations, correlation of demand for properties to economic cycles, availability of credit and other financing facilities for future acquisition of land and for working capital, increasing interest rates, increasing competition from other property developers and changes in the legal, financial, taxation and environmental framework governing the industry.

The property development division seeks to limit these business risks through, amongst others, focusing on property development in prime areas and in integrated developments. The Sunway Group currently have geographically diversified land bank located mainly in Malaysia, Singapore and China. The division also seeks to limit the business risks by considering market demand when planning its property launches, offering innovative and quality property products, continuous sourcing for viable land banks in strategic areas, adhering to timely delivery commitment and emphasis on after sales service.

(ii) Delays in completion of development projects

Timely completion of property development projects are dependent on a number of factors, including, inter alia, obtaining the necessary approvals from land office, planning authorities and local/foreign councils as scheduled, securing construction materials in adequate amounts and satisfactory performance by appointed building contractors. Any prolonged delays in the completion of a project could adversely affect the business and financial performance of Sunway's property development division, and in turn, the profitability of Sunway Group.

Sunway Group is committed to closely monitoring the progress of its property development projects and promptly rectifying any setback in order to mitigate any risk of delay. Notwithstanding this, there can be no assurance that the abovementioned factors will not lead to delays in the completion of any of the property development projects undertaken by Sunway Group.

(iii) Inventory build-up

Various factors such as inflation, rising interest rates, negative consumer sentiments, unattractive location of properties and oversupply of properties in the market will adversely affect the demand of the properties and eventually lead to inventory build-up. Such inventory build-up may have a direct and adverse effect on the cashflow as well as profitability of Sunway's property development division, and in turn, the profitability of Sunway Group.

The property development division seeks to mitigate this risk through timely launches of quality real estate offerings in strategic locations and in such quantity that can be absorbed by the market, establishing an extensive customer base through loyalty programmes and active marketing efforts in promoting such developments which may encourage and lead to a higher take-up rate.

(iv) Competition for land bank

There is intense competition among development companies for strategically located and reasonably priced land banks, labour and building materials. Competition from local and foreign property developers may result in highly competitive pricing in order to secure a particular land bank.

Nevertheless, Sunway intensified its landbanking efforts in 2017 and successfully acquired five parcels of land within a span of six months with a total estimated Gross Development Value ("GDV") of over RM5.5 billion. Focus was on landbank in good locations within the Klang Valley, which are suitable for transit-oriented developments where the division would be able to leverage on its prior experience in building

integrated and mixed developments. As at 31 December 2017, Sunway's total landbank stood at 3,305 acres, with a total GDV of RM53.0 billion.

Notwithstanding this, there can be no assurance that Sunway's property development division will be able to continue to secure good land bank to sustain its operations and this may materially and adversely affect the property development division's business and financial performance, which in turn will affect the profitability of the Sunway Group.

(B) *Property investment and REIT business*

(i) *Business risk*

Sunway Group derives rental income from renting out commercial properties which mainly include Sunway Giza Shopping Mall, Monash University Malaysia, Sunway University, Wisma Sunway, The Pinnacle, Sunway Velocity Mall, Sunway Carnival Mall, Sunway GEO Avenue and Sunway Citrine Hub. The rental income would be affected by lower occupancy rate and non-renewal of existing tenancy agreements due to unfavourable economic condition.

Inability of tenants to pay the rental during difficult times will also result in provisions or write-offs of debt which will affect Sunway Group's cash flow and profitability.

Sunway Group also receives income distribution from its investment in the units of Sunway REIT. Sunway REIT's financial capability to make distributions will depend significantly on its ability to continuously lease properties to tenants on economically favourable terms, to retain its existing major tenants and/or to secure new tenants.

(ii) *Deterioration in the value of properties*

Sunway Group's property investment business is subject to changes as the following factors may adversely affect the value of Sunway Group's properties:

- the quality of its tenants;
- the physical attributes of the building in relation to the competing buildings (i.e. age, condition, design, access to public transportation); and
- the desirability of the area as a location for business, leisure etc.

The consequences of any changes to the above may have an adverse impact on Sunway Group's business, financial condition, results of operations and prospects.

(C) *Construction business*

(i) *Business risk*

There are certain risks inherent in the design and construction of large scale projects such as shortages of construction materials and skilled workers, non-availability and inefficiency of equipment, price increase in construction materials and labour costs, labour disputes, the non-performance or unsatisfactory performance of subcontractors, inclement weather, natural disasters, accidents, failure or postponement in the issuance or grant of licences, permits and approvals, and unforeseen engineering or environmental problems. Construction delays, loss of revenue and cost over-runs are likely to result from such events which could in turn materially and adversely affect the construction division's business, operations and financial performance, and in turn, affect Sunway Group's profitability.

The construction division seeks to limit these business risks through, amongst others, close monitoring of the progress of all its construction projects and endeavour to promptly rectify any setback in order to ensure Sunway Group's performance is not materially and adversely affected.

(ii) Competition and reputation risk

The construction environment has been laden with stiff competition between contractors, which may cause a reduction in the margin of contracts, both locally and overseas. A number of factors including projects availability, pricing, infrastructure and amenities as well as the quality and reputation of the contractors will affect the competitiveness of the contractors. The key competitive factor is reputation and reliability of the contractor. Any adverse change to the reputation of Sunway Group may materially affect the Sunway Group's ability to replenish its order book which may have an adverse effect on the sustainability of its performance and profitability of Sunway Group. Notwithstanding this, Sunway's construction division mitigates such risk on the strength of its good track record, both locally and overseas, in implementation of quality projects and services on time. The hands-on and vast experience of its key management are also some of the attributes that has helped Sunway Group remain successful despite the cyclical nature of the industry.

(iii) Delays in completion of construction projects

Timely completion of construction projects are dependent on a number of factors, including, inter alia, obtaining the necessary approvals from the authorities and local/foreign councils as scheduled, securing construction materials in adequate amounts and satisfactory performance by appointed sub-contractors. Any prolonged delays in the completion of a project could lead to liquidated agreed damages being payable and adversely affect the business and financial performance of the Sunway's construction division, and in turn, the profitability of Sunway Group.

Sunway Group mitigates the risk of delays through its commitment to closely monitor the progress of all its construction projects and endeavour to promptly rectify any setback. Notwithstanding this, there can be no assurance that the abovementioned factors will not lead to delays in the completion of any of the construction projects undertaken by Sunway Group.

(D) *Trading and manufacturing business*

(i) Reliance on agency lines

The principal activity of the trading and manufacturing division is the agency and distribution of various branded hoses and fittings, heavy equipment, heavy equipment parts and building materials. The distribution of these products is based on terms of distribution agreements signed with the manufacturers and/or principals. There is no assurance that the principals may not adversely vary the terms in the distribution agreement nor withdraw the rights for Sunway's trading and manufacturing division to distribute their products. In addition there is no assurance that customers will continue to purchase the products from Sunway as they may resort to direct purchase from the principals and/or other agents/ distributors.

Sunway is mitigating the risk of variation/ withdrawal of distribution rights through increasingly selling its products e.g. the hoses and fittings under its own branding namely Sunflex. Meanwhile, Sunway is also providing a high level of customer service to all its clients as well as seeking to continuously increase market share of the principal's products to ensure the branding and popularity of the principal's products. By providing a high level of service and/or sales of own brand items, customers are less able and less inclined to resort to direct purchase from manufacturers and/or alternative suppliers. Further, Sunway has also sought to acquire multiple agencies from different regions in each product line to ensure continuity in supply and to provide alternative choices to customers.

(ii) Competition

Due to the competitive nature of the trading and manufacturing division business, the division would need to stock up on goods to meet the immediate needs of customers. In the event demand of the stocked items declines unexpectedly, the inventory built up may adversely affect the cash flow and profitability of the trading and manufacturing division due to associated logistics and warehousing costs.

The trading and manufacturing division seeks to mitigate this risk through careful monitoring of market demand for its products and employment of business intelligence software and inventory management systems to closely monitor its stock holdings for all its branches worldwide. Meanwhile, to differentiate its products and improve profitability, Sunway is continuously developing its own brands, namely Sunflex and Totalrubber for hoses and fittings, and Suntrak and Sunguard for heavy equipment parts. The upstream venture into manufacturing of hoses and fittings and undercarriage parts in Anhui, China, represent further steps in this direction.

(iii) Supply and cost of products

The manufacturing division purchases raw materials such as steel bars and semi-completed parts and components for its assembly and manufacturing operations. The availability and cost of such input materials are subject to market demand. Any adverse movements in the cost of the input materials may result in lower margins, culminating to a need to increase price.

There can be no assurance that any adverse input material price movements will not have an adverse impact on the profit margins of the Sunway Group in the event that Sunway Group is unable to pass on the additional cost by increasing the selling price of the products.

(E) Quarry and building materials business

(i) Business risk

Given that the businesses of the construction division and the quarry and building materials divisions are closely related, certain business risks of the quarry and building materials divisions are the same as those currently relevant to the construction division.

In addition, the quarry and building materials divisions are sensitive to price fluctuations and availability of raw materials such as steel, sand, cement, bitumen and clay, as well as fluctuations in energy costs such as diesel, electricity and natural gas. Any adverse fluctuations in raw material prices and energy costs may result in lower margins, culminating to a need to increase price.

There can be no assurance that any adverse fluctuations in raw material prices or energy costs will not have an adverse impact on the profit margins of the Sunway Group in the event that Sunway Group is unable to pass on the additional cost by increasing the selling price of its products.

(ii) Leases and licenses of quarries

Some of the quarries under the quarry division are located on land which are under lease or licence such that its quarrying activities are subject to renewal of the said lease or licences. Although Sunway Group has been able to renew these leases or licences in the past, there can be no assurance that the quarry division will be able to renew these leases or licences in the future when they fall due. In addition, there can be no assurance that the leases or licences of its quarries will not be revoked due to non-compliance with relevant rules and regulations governing the quarrying business. Notwithstanding this, key management at Sunway's quarry division has been taking the necessary actions by having constant contact with the owners of the quarries and authorities to ensure compliance with all regulatory requirements.

In addition, a significant quarry reserve is also important to ensure the future growth and profitability of the quarrying business. The management is always on the look out for new quarries at new growth areas to ensure continuity of supply and growth.

(iii) Environmental factors

In general, all quarries, asphalt related activities and building materials factories generate dust and noise pollution. The operator is required to monitor and control pollution caused by these activities.

Notwithstanding the steps taken, there can be no assurance that such environmental concerns will not have an adverse effect on the future quarrying operations of Sunway Group or that compliance with new legislation on environmental matters will not have a material and adverse effect on the business and prospect of the quarry division, and in turn, Sunway Group's financial performance.

(F) Hospitality and leisure business

(i) Business Risk

The business is susceptible to adverse conditions affecting travelling like the outbreak of diseases or inclement weather. For instance, the outbreak of severe acute respiratory syndrome ("**SARS**") had impacted Sunway Group's leisure and hospitality operations in the past. As a consequence of SARS, some countries implemented immigration policies to restrict travellers coming from SARS affected countries or regions and several airlines reduced flights to and from such affected areas. As a result, operations and profitability were affected due to the reduced number of tourist arrivals and cancellation of hotel reservations. If SARS were to re-emerge or any other outbreaks of similar potential hazardous nature were to occur, for example avian flu or swine flu, the financial condition and operating results of the leisure and hospitality business may be adversely affected.

(ii) Competition

The success of the leisure and hospitality business depends on Sunway's ability to compete in providing the best room rates, quality of accommodation, and upgrading services and amenities including increasing the variety of theme park rides and entertainment. If Sunway fails to provide, refurbish, add or upgrade its accommodations and amenities to meet the ever increasing expectation of its customers, it may lead to reduced sales and affect its profitability.

(G) Healthcare business

(i) Competition

Sunway's healthcare business faces stiff competition from other local private healthcare providers. With an over-concentration of hospitals in certain locations particularly in Kuala Lumpur, Selangor and Penang, Sunway faces intense competition for consultants, nurses and patients. There can be no assurance that Sunway will be able to attract or retain its consultants, nurses and patients given the increasing number of healthcare providers in the market.

(ii) Constant need to upgrade medical facilities and equipment

The number of patients patronising Sunway's healthcare business depends on Sunway's ability to provide state of the art medical facilities and equipment and employ the latest medical technology. As a result of this, there is a constant need to incur capital expenditure to upgrade its existing medical equipment. There is no assurance that the healthcare business can generate sufficient funds to constantly

replace or upgrade its medical facilities and equipment. If Sunway fails to upgrade its medical facilities and equipment, there may be a drop in the number of patients which will in turn affect its profitability.

5.1.3 Other risks related to Sunway Group

(A) Political, economic and regulatory considerations

Sunway Group has operations locally as well as overseas and therefore is exposed to political, economic and regulatory risks in the countries in which it operates. As such, any adverse development in political, economic and regulatory conditions in Malaysia as well as other countries in which Sunway Group has operations could materially and adversely affect the financial performance and prospects of Sunway Group. Political, economic and regulatory uncertainties include (but are not limited to) risks of war, expropriation, nationalisation, the changes in government policies, changes in interest rates, inflation, legislation on taxation and currency exchange rules and contracts. In addition, countries could adopt new laws, policies or regulations, or change their interpretation of existing laws, policies or regulations.

While Sunway Group continues to take measures to mitigate these risks including close monitoring of each government's masterplan in respect of long term economic and development policies so that it can stay ahead as well as capitalise on any regulatory changes in the industries that Sunway Group operates, there can be no assurance that any changes to the political, economic and regulatory factors will not have a material and adverse effect on the business and prospects of Sunway Group.

(B) Dependence on key personnel

The Issuer believes that its continued success depends primarily upon the abilities and the continued efforts of its directors and key management personnel who are qualified and have an extensive knowledge in, amongst others, the construction, property and building materials industries. Thus, the loss of any key personnel may have an impact on its ability to operate its business or to compete effectively in the industries, and in turn could affect its financial performance and prospects to attract and retain skilled personnel.

Human resource and succession planning is a continuous effort undertaken by Sunway Group. Succession planning for key positions has been identified and the Issuer expects that in the event a position falls vacant, the Issuer will be able to replace or source experienced personnel within Sunway Group or in similar industries.

(C) Foreign exchange

Sunway Group has operations in various countries and as such, is exposed to various currencies, mainly United States Dollar, Singapore Dollar, Chinese Renminbi, Australian Dollar, Indonesian Rupiah, Thai Baht, Vietnam Dong and Indian Rupee. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange exposures. There can be no assurance that fluctuations in the foreign exchange rate will not have a material and adverse effect on Sunway Group's financial performance.

Sunway Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the business activity is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material transactions of foreign exchange exposures may be hedged, mainly with derivative financial instruments such as forward foreign exchange contracts or currency swaps.

(D) Interest rate

Sunway Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from Sunway Group's borrowings and deposits. Any increase in the interest rates may lead to higher borrowing costs, and in turn, affect Sunway Group's profitability. Notwithstanding this, Sunway Group actively manages the debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of Sunway Group's overall prudent liquidity management, Sunway Group maintains sufficient levels of cash or cash convertible investments to meet Sunway Group's working capital requirements. In addition, Sunway Group strives to maintain available banking facilities at a reasonable level to its overall debt position. Where possible, Sunway Group raises committed funding from both capital markets and financial institutions and balances its portfolio with short term funding so as to achieve overall cost effectiveness.

Sunway Group's credit facilities agreements with banks and financiers contain, inter alia, covenants that may limit Sunway Group's operating and financing flexibility. Any act falling within the ambit or scope of such covenants will require consent of the relevant banks or financiers. Sunway Group is aware of such covenants and has been taking all necessary preventive measures from breaching any of these agreements.

(E) Credit risk

Credit risk arises when derivative instruments are used or sales are made on credit terms. Sunway Group controls these risks by the application of credit approvals, limits and monitoring procedures. Sunway Group also minimises its exposure through analysing the counterparties' financial condition prior to entering into any agreements/contracts. Trade receivables are monitored on an ongoing basis via Sunway Group management reporting procedures. Sunway Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentrations of credit risk related to any financial instruments.

Sunway Group has also carried out an assessment on the recoverability of these balances and management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in Sunway Group's trade receivables.

However, there can be no assurances that Sunway Group will not be adversely affected by any unfavourable credit related effect.

(F) Environmental considerations

Environmental issue is increasingly an important concern for most businesses. The activities of Sunway Group are also required to comply with various environmental laws relating to water, air and noise pollution, and the disposal of waste materials.

Although environmental protection procedures and mitigating measures are implemented, there can be no assurance that such environmental concerns will not have an adverse impact on the future operations of Sunway Group, or that compliance with new legislation on environmental matters will not have an adverse material effect on Sunway Group.

(G) Adequacy of insurance coverage

Although Sunway Group has taken the necessary measures to ensure that all their assets are adequately covered by insurance in accordance with standard industry practice, there can be no assurance that the coverage would be adequate for the replacement cost of the assets or any consequential losses arising thereof.

5.2 Risks relating to the Sukuk Mudharabah

5.2.1 Issuer's ability to meet its obligation under the Sukuk Mudharabah

The Sukuk Mudharabah represents the direct obligations of the Issuer and shall be payable out of the Issuer's own funds. In this regard, the redemption of the Sukuk Mudharabah depends on the cash flow availability at the Issuer's level. In particular, the Sukuk Mudharabah will not be the obligations or responsibilities of, or guaranteed by any of the Principal Adviser/Lead Arranger, Lead Manager, the Facility Agent, the Trustee or any subsidiary or affiliate thereof or any other person involved or interested in the transaction envisaged under the Sukuk Programme. None of such persons will accept any liability whatsoever to the holders of the Sukuk Mudharabah in respect of any failure by the Issuer to pay any amount due under the Sukuk Programme. The Sukuk Mudharabah are, however, secured by a Kafalah Guarantee by the Guarantor.

5.2.2 Rating

It is a condition for the establishment of the Sukuk Programme that the Sukuk Programme be rated. The rating accorded to the Sukuk Programme is MARC-1_{IS(cg)} / AA-_{IS(cg)}. The Sukuk Programme is subject to rating reviews by the rating agency annually.

A rating is not a recommendation to buy, hold or sell the Sukuk Mudharabah and there can be no assurance that such a rating will not be revised on a periodic review basis by the said rating agency during the tenure of the Sukuk Programme or that such a rating will not be withdrawn entirely if circumstances in the future warrant.

Further, such a rating is not a guarantee of repayment or that there will be no default by the Issuer under the Sukuk Programme. If the ratings initially assigned to the Sukuk Programme are subsequently lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk Mudharabah. Any downgrade or withdrawal of a rating may have an adverse effect on the liquidity and the market price of the Sukuk Mudharabah. Any reduction or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to repay the Sukuk Mudharabah.

5.2.3 Each issue carries different risks

The purchase of the Sukuk Mudharabah may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the mitigating factors of an investment in the Sukuk Mudharabah. Each issue of Sukuk Mudharabah under the Sukuk Programme will carry different risks and all potential investors are strongly encouraged to evaluate each Sukuk Mudharabah issuance on its own merit.

5.2.4 Interest rate

As the Sukuk Mudharabah is a fixed income security, the price of the Sukuk Mudharabah may fluctuate due to the fluctuations in the expected yield applicable to relevant private debt securities at that time. Generally, the expected yield may rise in tandem to a rise in interest rates and accordingly price of the Sukuk Mudharabah may fall. Conversely, when interest rates fall, the expected yield may fall and the price of the Sukuk Mudharabah may rise.

5.2.5 Liquidity

The Sukuk Mudharabah comprises a new issue of securities for which no secondary market for the Sukuk Mudharabah currently exists and in the event that a secondary market for the Sukuk Mudharabah does develop, there can be no assurance that it will continue.

Furthermore, there can be no assurance regarding the future development of a market for the Sukuk Mudharabah, the liquidity or sustainability of any market that may develop, the ability of the holders of the Sukuk Mudharabah to sell their Sukuk Mudharabah, or the prices at which such holders may be able to sell their Sukuk Mudharabah. There is also no assurance that

the price of the Sukuk Mudharabah will not be adversely affected by similar issues of private debt securities.

Accordingly, the purchaser who purchases or subscribes to the Sukuk Mudharabah bears the risks associated with a lack of liquidity in the Sukuk Mudharabah apart from the financial and other risks associated with an investment in the Sukuk Mudharabah.

5.2.6 Investors to make their own evaluation of Shariah compliance

The Shariah Adviser, by way of its Shariah Pronouncement has confirmed that the Sukuk Mudharabah are Shariah-compliant. However, the interpretation and application of Shariah principle is a matter of opinion and debate, and may be subject to differing interpretations by Shariah scholars, Shariah supervisory and advisory boards and the courts (or any arbitral tribunal). Therefore, there can be no assurance that the transaction structure or issue and trading of the Sukuk Mudharabah will be deemed to be Shariah-compliant by any other Shariah board or Shariah scholars. Potential investors are advised to obtain their own independent Shariah advice as to whether the Sukuk Programme structure meets their individual standards of compliance with Shariah principles and make their own determination as to whether to subscribe for the Sukuk Mudharabah. If the Sukuk Mudharabah is deemed not to be Shariah-compliant by potential investors' standards of Shariah compliance, they may be prohibited from investing in the Sukuk Mudharabah by virtue of their own constitutional restraints or otherwise.

5.3 General considerations

5.3.1 Change of law

The structure of the Sukuk Programme and the issue of the Sukuk Mudharabah are based on Malaysian law, tax and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under law and practice. No assurance can be given that Malaysian law, tax or administrative practice will not change after the date hereof or that such change will not adversely impact the structure of the Sukuk Programme and the treatment of the Sukuk Mudharabah.

5.3.2 Forward Looking Statements

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of future results, and others are forward looking in nature, which are subject to uncertainties and contingencies. All forward looking-statements are based on estimates and assumptions made by the Issuer which are subject to known and unknown risks, uncertainties and other factors which may affect the actual results, performance or achievements expressed or implied in such forward-looking statements and no assurance can be given that any such forward-looking statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

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6.0 INDUSTRY OVERVIEW

The following paragraphs are extracted from various sources as identified below. None of the Issuer, the Principal Adviser/Lead Arranger, Lead Manager or the Facility Agent or any other party has verified or will be held responsible for any information contained therein.

6.1 Malaysia

6.1.1 Malaysian Economy in Third Quarter of 2018

The Malaysian economy recorded a sustained growth of 4.4% in the third quarter of 2018 (2Q 2018: 4.5%), supported by expansion in domestic demand amid a decline in net exports growth. Private sector expenditure remained the key driver of growth, expanding at a faster pace of 8.5% (2Q 2018: 7.5%), while public sector expenditure turned around to register a positive growth of 1.1% (2Q 2018: -1.4%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.6% (2Q 2018: 0.3%).

Domestic demand expanded at a faster pace during the quarter (6.9%; 2Q 2018: 5.6%), driven by private sector activity. Private consumption growth accelerated to 9.0% (2Q 2018: 8.0%). Household spending was boosted in July and August 2018, following the zerorisation of the Goods and Services Tax (GST) rates, particularly on durable goods such as motor vehicles and furnishings, as well as food and beverages. Continued expansion in income and employment provided key support to household spending. Private investment growth edged higher to 6.9% (2Q 2018: 6.1%), underpinned mainly by capital spending in the manufacturing and services sectors. During the quarter, firms further expanded their capacity through increased machinery and equipment spending to cater to positive demand.

Public consumption grew at a faster pace (5.2%; 2Q 2018: 3.1%). This was attributable to a higher spending on supplies and services, which more than offset the moderation in emoluments growth. Public investment registered a smaller decline during the quarter (-5.5%; 2Q 2018: -9.8%), due to improvements in General Government capital spending. However, capital spending by public corporations was lower as some projects were near completion. Gross fixed capital formation (GFCF) increased at a faster pace of 3.2% (2Q 2018: 2.2%), supported by continued private sector capital spending. By type of assets, capital spending on machinery and equipment was higher at 5.9% (2Q 2018: 3.6%). Investment in other types of assets turned around to register a marginal positive growth of 0.1% (2Q 2018: -2.9%). Investment in structures grew at a moderate pace of 1.8% (2Q 2018: 2.1%), due mainly to continued weak investments in residential property.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), declined to 0.5% in 3Q 2018 (2Q 2018: 1.3%). The lower inflation mainly reflected the impact from the GST zerorisation. By category, the impact was broad-based and particularly evident for communication services and recreational and cultural services. The percentage of items in the CPI basket that had an inflation of more than 2% declined to 9% in the third quarter (2Q 2018: 18%). This was despite the implementation of the Sales and Services Tax (SST) beginning 1 September 2018. With the small average price increase for SST-taxable items in September, the SST impact on inflation during the quarter has been limited.

Core inflation, excluding the impact of consumption tax policy changes, moderated slightly to 1.4% (2Q 2018: 1.5%). Demand-driven inflationary pressures in the economy remained contained in the absence of excessive wage pressure and some degree of spare capacity in the capital stock.

Labour market conditions remained supportive of economic activity. Although the unemployment rate edged higher in the third quarter (3.4%; 2Q 2018: 3.3%), this was mainly on account of higher labour force participation (68.5%; 2Q 2018: 68.4%) which offset improvements in employment growth (2.6%; 2Q 2018: 2.4%). Stronger net employment gains were recorded in the services and manufacturing sectors in the third quarter.

Private sector wages registered sustained growth of 5.7% (2Q 2018: 5.7%). This was driven mainly by higher wage growth in the services sector 3.9% (2Q 2018: 3.7%), supported by the wholesale and retail trade sub-sector. The manufacturing sector registered slower wage growth (9.6%; 2Q 2018:

10.1%), weighed by the more moderate wage growth in the domestic-oriented industries (6.1%; 2Q 2018: 8.6%). Nonetheless, wages in the export oriented sub-sectors grew at a faster pace (10.9%; 2Q 2018: 10.6%), supported by continued growth in the E&E segment.

The current account surplus was broadly sustained at RM3.8 billion in the third quarter of 2018 (2Q 2018: RM3.9 billion), or 1.1% of GNI (2Q 2018: 1.2% of GNI). This was due a higher goods surplus³ and lower services deficit, amid a larger deficit in the primary income account.

The goods surplus increased to RM26.6 billion (2Q 2018: RM26.1 billion), owing to higher E&E exports. The deficit in the services account narrowed to RM3.3 billion (2Q 2018: -RM6.2 billion). This was attributable mainly to a larger surplus in the travel account (RM8.0 billion; 2Q 2018: RM6.6 billion) due to higher tourist arrivals and lower construction services deficit (-RM1.3 billion; 2Q 2018: -RM3.2 billion) following the cancellation and deferment of selected major projects.

The primary income account recorded a larger deficit of RM15.0 billion (2Q 2018: -RM11.2 billion) as profits earned by foreign investors in Malaysia continued to outpace that of Malaysian firms investing abroad (RM16.3 billion; 2Q 2018: RM13.8 billion), particularly in the mining and manufacturing sectors. Of note, 26.4% of the profits earned by the foreign investors were reinvested (2Q 2018: 10.7%). The secondary income account recorded a sustained deficit of RM4.5 billion (2Q 2018: -RM4.7 billion), reflecting continued outward remittances by foreign workers.

(Source: Quarterly Bulletin, Third Quarter 2018, Bank Negara Malaysia)

6.1.2 Overview and Outlook of the Construction and Property Sector and in Malaysia

Value added of the construction sector recorded a robust growth of 7.4% during the first half of 2017 (January – June 2016: 8.5%), primarily attributed to strong civil engineering activities. Accordingly, total value of completed construction works increased 10.4% to RM68.9 billion involving 18,977 projects (January – June 2016: 11.4%; RM62.4 billion; 20,026 projects).

The civil engineering subsector continued to record a double-digit growth of 13.7% (January – June 2016: 17.7%) supported by major infrastructure projects under the Eleventh Malaysia Plan. among the rail projects were Mass Rapid Transit (MRT) Sungai Buloh – Serdang – Putrajaya (SSP) line and Electrified Double Track Gemas – Johor Bahru. In addition, growth of the subsector was further supported by construction and upgrading of roads such as Setiawangsa – Pantai Expressway (SPE) and Pan Borneo Highway. The subsector also benefited from the construction of combined cycle gas turbine power plant in Melaka.

The residential subsector continued to expand 4.7% (January – June 2016: 6.7%) supported by firm demand for affordable housing in choice locations with easy access. Housing starts rebounded significantly by 12.1% to 67,662 units (January – June 2016: -40%; 60,378 units). Condominiums and apartments accounted for 42.9% of total housing starts in line with the increasing demand, especially for high-rise units in major cities. However, the increase was offset by a decline in incoming supply at 3.4% to 485,433 units (January – June 2016: 14.1%; 502,345 units) as developers reviewed their future plans in response to market situation.

In terms of demand, the take-up rate for residential units grew 23.9% with 6,775 units during the period (January – June 2016: 22.7%, 3,289 units) amid continued access to housing loans, especially for first-time house buyers. Accordingly, transaction value improved with smaller contraction of 0.3% to RM32.9 billion (January – June 2016: -14.5%; 102,096 transactions) mainly due to the adoption of macroprudential measures to deter market speculation and ensure only those who are credit-worthy eligible for financing.

The non-residential subsector grew 4.9% to RM6.4 billion (January – June 2016: RM6.1 billion). The growth was mainly supported by starts for shops and service apartments which rebounded 29.3% and 14% (January – June 2016: -46.7%; -35%), respectively. However, construction starts in the industrial and Small Office Home Office (SOHO) declined 9.7% and 16.1%, respectively (January – June 2016: -76.7%; -24.9%) mainly due to moderation in the oil & gas (O&G)-related industries.

Private investment is one of the crucial factors to accelerate economic growth. Various initiatives implemented by the Government, particularly under the Economic Transformation Programme (ETP), have accelerated private investment activities. Recognising the importance of private investment, the Government strives to improve business condition to attract and boost capital outlays by the private sector. This will steer Malaysia to become an advanced and high-income economy by 2020 as well as doubling the economy by 2025.

(Source: Chapter 3: Economic Performance Prospects, Economic Report 2017/2018, Ministry of Finance Malaysia)

6.2 Singapore

6.2.1 Singapore's Economic Performance in Third Quarter of 2018

The Singapore economy grew by 2.2 per cent on a year-on-year basis in the third quarter, slower than the 4.1 per cent growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 3.0 per cent, faster than the 1.0 per cent growth in the second quarter.

The manufacturing sector grew by 3.5 per cent year-on-year, moderating from the 10.7 per cent growth in the previous quarter. All clusters within the sector expanded, except for the general manufacturing cluster which contracted on the back of output declines in the printing and miscellaneous industries segments. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector posted growth of 3.0 per cent, extending the 3.3 per cent growth in the previous quarter.

The construction sector contracted by 2.3 per cent year-on-year, a more gradual pace of decline as compared to the 4.2 per cent contraction in the previous quarter. Construction output in the third quarter was weighed down by weakness in public sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 5.1 per cent, a reversal from the 14.4 per cent contraction in the preceding quarter.

The wholesale & retail trade sector expanded by 0.5 per cent year-on-year, easing from the 1.5 per cent growth in the previous quarter. Growth was driven by the wholesale trade segment, which was in turn supported by a strong expansion in the machinery, equipment & supplies sub-segment. On the other hand, the retail trade segment shrank, weighed down by weak motor vehicle sales. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 3.7 per cent, slowing from the 5.0 per cent growth in the preceding quarter.

Growth in the transportation & storage sector came in at 2.1 per cent year-on-year, faster than the 1.2 per cent growth in the preceding quarter, supported by expansions in both the water transport and air transport segments. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector expanded by 9.0 per cent, a turnaround from the 2.8 per cent contraction in the previous quarter.

The accommodation & food services sector grew by 4.0 per cent year-on-year, extending the 3.9 per cent growth in the previous quarter. Growth was driven largely by the accommodation segment, which expanded on the back of a 7.1 per cent increase in visitor arrivals to Singapore. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector recorded growth of 6.1 per cent, slower than the 12.9 per cent growth in the preceding quarter. Growth in the information & communications sector eased to 4.7 per cent year-on-year, from 5.8 per cent in the preceding quarter. The sector's growth was primarily due to the IT & information services segment, which saw robust expansion on account of healthy demand for IT solutions. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew at a faster pace of 6.6 per cent compared to the 5.0 per cent growth in the previous quarter.

The finance & insurance sector expanded by 5.6 per cent year-on-year, moderating from the 6.8 per cent growth in the previous quarter. Growth was primarily supported by the insurance and "others" segments, with the latter being bolstered by the push towards more efficient payment systems and cashless transactions in the economy. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector's growth came in at 6.7 per cent, reversing the 2.1 per cent contraction in the second quarter.

The business services sector grew by 2.4 per cent year-on-year, similar to the 2.3 per cent growth in the preceding quarter. Growth was led by the “others”¹ and professional services segments, even as the real estate segment continued to contract. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector expanded by 0.4 per cent, a reversal from the 2.7 per cent contraction in the previous quarter.

The “other services industries” posted growth of 1.2 per cent year-on-year, faster than the 0.5 per cent growth in the previous quarter. Growth was mainly supported by the education, health & social services segment. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 4.9 per cent, a turnaround from the 2.4 per cent contraction in the preceding quarter.

(Source: Press Release, Economic Survey of Singapore Third Quarter 2018, Ministry of Trade and Industry Singapore, 22 November 2018)

6.2.2 Singapore’s Economic Outlook for 2019

For 2019, the pace of economic expansion across most of the major advanced and regional economies is expected to ease from 2018’s levels, in part due to the impact of the ongoing trade conflicts between the US and its key trading partners.

Growth in the US economy is projected to moderate in 2019, as the effect of the fiscal stimulus implemented earlier this year starts to fade and monetary policy tightens further. However, private consumption is expected to continue to support growth on the back of strong labour market conditions and healthy wage growth. Meanwhile, the Eurozone economy’s growth is likely to ease slightly in 2019. Growth is expected to be supported by firm domestic demand on the back of an improving labour market, healthy business and consumer sentiments, as well as favourable financing conditions.

In Asia, China’s growth is also projected to moderate in 2019 on account of a continued moderation in credit growth and softer external demand, although accommodative macroeconomic policies and stable domestic demand are likely to provide some support to growth. Similarly, growth in the key ASEAN economies is expected to ease or remain unchanged in 2019, supported by resilient domestic demand even as growth in merchandise exports moderates.

On balance, MTI’s assessment is that the external demand outlook for the Singapore economy in 2019 is slightly weaker as compared to 2018. At the same time, risks in the global economy are tilted to the downside. First, there is the risk of a further escalation of the ongoing trade conflicts between the US and its key trading partners, which could trigger a sharp fall in global business and consumer confidence. Should this happen, global investment and consumption spending would decline, with adverse impact on economic growth. Second, a faster-than expected tightening of global financial conditions could lead to disorderly capital outflows from emerging markets, including economies in the region. This could cause financial vulnerabilities to surface in some of these economies, particularly those with elevated debt levels. If this occurs, there could be some pullback in investment and consumption growth, with spill over effects on the rest of the region.

Against this external backdrop, the pace of growth in the Singapore economy is expected to moderate in 2019 as compared to 2018. In particular, the manufacturing sector is likely to see a more modest pace of expansion. Within the sector, the electronics and precision engineering clusters are expected to face external headwinds due to weaker demand conditions in the global semiconductor and semiconductor equipment markets with the fading of the global electronics cycle. Similarly, growth in outward-oriented services sectors such as wholesale trade, transportation & storage and finance & insurance is projected to ease in tandem with the moderation in growth in key advanced and regional economies.

On the other hand, other services sectors such as information & communications and education, health & social services are expected to remain resilient, supported by firms’ robust demand for IT and digital solutions and the ramp-up of operations in healthcare facilities respectively. Meanwhile, the performance of the construction sector is projected to improve in 2019, as the pickup in contracts awarded since the second half of 2017 is expected to translate into construction activities in the quarters ahead.

Taking into account the global and domestic economic environment, and barring the full materialisation of downside risks, the Singapore economy is expected to grow by “1.5 to 3.5 per cent” in 2019.

(Source: Press Release, Economic Survey of Singapore Third Quarter 2018, Ministry of Trade and Industry Singapore, 22 November 2018)

6.2.3 Overview and Outlook of the Construction Sector in Singapore

The construction sector contracted by 2.3 per cent year-on-year in the third quarter, an improvement from the 4.2 per cent decline recorded in the previous quarter. The contraction in the third quarter was due to a fall in public sector construction output.

In the third quarter, nominal certified progress payments (a proxy for construction output) shrank by 1.0 per cent, a more gradual pace of contraction as compared to the 4.9 per cent decline in the second quarter. The decline in construction output was due to a fall in public certified progress payments (-4.6 per cent), which was in turn weighed down by weakness in public institutional & other building works (-27 per cent). On the other hand, private certified progress payments provided some support to overall output growth, rising by 3.0 per cent on the back of a pickup in private industrial building works (14 per cent) and private commercial building works (20 per cent).

Meanwhile, construction demand in terms of contracts awarded declined by 13 per cent in the third quarter, a reversal from the 28 per cent increase in the previous quarter. This was due to a fall in public sector construction demand (-44 per cent) on the back of a decline in the demand for public civil engineering works (-71 per cent) and public residential building works (-41 per cent). By contrast, private sector construction demand expanded by 62 per cent, accelerating from the 2.8 per cent increase in the previous quarter. The increase was mainly due to an uptick in contracts awarded for private residential building works (199 per cent), such as contracts awarded for collective sales sites, and private industrial building works (114 per cent).

(Source: Chapter 2, Economic Survey of Singapore Third Quarter 2018, Ministry of Trade and Industry of Singapore, published on Ministry of Trade and Industry of Singapore’s website <http://www.mti.gov.sg>)

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7.0 GENERAL INFORMATION

7.1 Material litigation

Save as disclosed below, neither the Issuer, Sunway nor its Material Subsidiaries are, as at LPD, engaged in any litigation, either as plaintiff or defendant in any legal action, proceeding, arbitration, claims or prosecution for any criminal offence which has a material effect on its financial position:-

Shristi Infrastructure Development Corporation Ltd ("**Claimant**") had on 4 September 2008, served a Statement of Claim ("**Statement of Claim**") to the solicitors of SunCon, a wholly owned subsidiary of Sunway Construction Group Berhad. The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

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 the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided 2 bank guarantees ("**Bank Guarantees**") to SunCon.

The Claimant had failed to carry out its obligations under the work order and SunCon had terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed the late Mr. H.L. Agarwal as the sole arbitrator. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs.89,14,55,047.834 (equivalent to approximately RM53 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs. 78,13,94,628.61 (equivalent to approximately RM45.5 million¹) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition has been filed by the Claimant 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 (Former Judge of the Supreme Court of India) as arbitrator in place of the late Justice H.L. Agarwal (Retd.) for adjudication of the disputes and differences between the parties. The first hearing before Justice Vikramajit Sen was held on 24 February 2017.

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. Arguments stand concluded. Matters are reserved for passing of the Award.

Other than the above, the Board of Directors of the Issuer is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Issuer.

¹ As at the LPD, the exchange rate was 1 Indian Rupee to RM 0.0582.

7.2 Material Contracts

Save as disclosed below, the Issuer, Sunway and the Material Subsidiaries have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two (2) years preceding the LPD:

- (a) A sale and purchase agreement dated 26 June 2018 between Sunway Developments Pte. Ltd (“**SDPL**”), a wholly owned subsidiary of Sunway Holdings Sdn Bhd which in turn is a wholly owned subsidiary of Sunway, and Hoi Hup Realty Pte. Ltd (“**Hoi Hup**”) for the disposal of its entire 300,000 ordinary shares representing 30% equity interest in Hoi Hup Sunway Novena Pte. Ltd. (“**HHSN**”) to Hoi Hup for a cash consideration of SGD39,881,490.78 (equivalent to approximately RM121.2 million) (“**Proposed Disposal**”).²

Separately, in the event HHSN sells any unsold medical or retail units during the period from and including 31 March 2018 to and including the date falling 30 months thereafter at a price which exceeds the cost of development of the relevant unit plays a profit margin of 5%, SDPL shall be entitled to additional compensation, an earn out.

The Proposed Disposal was completed on 10 July 2018.

- (b) A share sale agreement dated 24 October 2017 between Sunway Lagoon Sdn Bhd (“**SLSB**”), a subsidiary of Sunway, and Employees Provident Fund Board (“**EPF**”) where SLSB agrees to acquire 50,000 ordinary shares held by EPF in Sunway South Quay Sdn Bhd (“**SSQ**”), representing 20% of the share capital of SSQ, at a purchase consideration of RM136,649,000 and repay on behalf of SSQ, a sum of RM73,351,000 in cash towards the settlement of the Musyarakah Capital invested by EPF in SSQ (“**Proposed Acquisition of EPF’s shares in SSQ**”).

The Proposed Acquisition of EPF’s shares in SSQ was completed on 15 December 2017

- (c) A share sale agreement dated 10 October 2017 between SLSB and Kuwait Finance House (Malaysia) Sdn Bhd (“**KFH**”) where SLSB agrees to acquire 50,000 ordinary shares held by KFH in SSQ, representing 20% of the share capital of SSQ, at a purchase consideration of RM136,649,000 and repay on behalf of SSQ, a sum of RM73,351,000 in cash towards the settlement of the Musyarakah Capital invested by KFH in SSQ (“**Proposed Acquisition of KFH’s shares in SSQ**”).

The Proposed Acquisition of KFH’s shares in SSQ was completed on 15 December 2017.

- (d) A conditional sale and purchase agreement dated 3 August 2017 (“**SPA dated 3 August 2017**”) between Sunway Forum Hotel Sdn Bhd (“**SFHSB**”), a wholly-owned subsidiary of Sunway, and RHB Trustees Berhad as the trustee of Sunway Real Estate Investment Trust (“**Sunway REIT**”) (“**Trustee**”), for the proposed disposal by SFHSB to the Trustee of a parcel of leasehold land held under H.S. (D) 259881, Lot No. PT 1333, Bandar Sunway, District of Petaling, Selangor Darul Ehsan together with a 27-storey building with a lower ground floor (and all services infrastructure, fixtures and fittings affixed or located or used in the properties) comprising the following properties for a cash consideration of RM340 million (“**Proposed Disposal of Sunway Clio Property**”) :-

- a 19-storey 4-star rated hotel with 401 hotel rooms and facilities including a swimming pool, an exercise area, a dining area and meeting rooms known as Sunway Clio Hotel (“**Hotel Property**”);
- 3-storey (including 1 storey at lower ground floor) retail lots known as Sunway Pyramid West; and

² As at the LPD, the exchange rate as at 26 June 2018 (the date of the sale and purchase agreement) was SGD1 to RM3.0392

- a 6-storey podium car park and 4-storey basement car park (collectively “**Multi-storey Car Park**”);

(collectively, the “**Sunway Clio Property**”);

A conditional hotel lease agreement dated 3 August 2017 between Sunway Resort Hotel Sdn Bhd, a wholly-owned subsidiary of Sunway, the Trustee and Sunway REIT Management Sdn Bhd (as the manager of Sunway REIT), for the lease of the Hotel Property for an initial term of 10 years commencing from the day immediately after the completion of the SPA dated 3 August 2017 with an option to renew for a further term of 10 years; and

A conditional car park tenancy agreement dated 3 August 2017 between Sunway Leisure Sdn Bhd, a wholly-owned subsidiary of Sunway, and the Trustee for the tenancy of the Multi-storey Car Park for a period of 3 years commencing from the day immediately after the completion of the SPA dated 3 August 2017 with an option to renew for a further term of 3 years.

The Proposed Disposal of Sunway Clio Property was completed on 9 February 2018.

- (e) An agreement dated 31 July 2017 between Sunway Supply Chain Enterprise Sdn Bhd (“**SSCE**”), a wholly-owned subsidiary of Sunway Holdings Sdn Bhd (“**SunHoldings**”), a wholly-owned subsidiary of the Company, with Premier Place Property Sdn Bhd (“**PPP**”), a wholly-owned subsidiary of JAKS Resources Berhad whereby PPP and SSCE or its related corporation agree to execute a sale and purchase agreement (“**PPP SPA**”) within 21 days from the date of the Agreement or such extended time period as the parties shall mutually agree in writing to acquire the following 4 parcels of freehold land totaling 5.988 hectares or 644,575.24 square feet for a total purchase consideration of RM167,589,760/- (excluding Goods and Services Tax) (“**Proposed PPP Land Acquisition**”):-
- (i) Geran Mukim 85 Lot 526, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet;
 - (ii) Geran Mukim 84 Lot 527, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet;
 - (iii) Geran Mukim 83 Lot 528, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet; and
 - (iv) Geran Mukim 319 Lot 62506 Tempat Sungei Penaga, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor measuring approximately 2.346 hectares or 252,553.63 square feet.

SSCE and PPP had subsequently entered into a Supplemental Agreement on 1 February 2018 to vary and amend certain terms and conditions of the PPP SPA in relation to the Proposed PPP Land Acquisition.

- (f) Sale and Purchase Agreement dated 13 July 2017 between Sunway Innopark Sdn Bhd, a wholly-owned subsidiary of Sunway, LGT Sdn Bhd (the Registered Owner) and Tan Sri Lim Kok Thay, Puan Sri Datin Seri Lim (Nee Lee) Kim Hua, Yarraville Sdn Bhd, Dandenong Sdn Bhd and Ripponlea Sdn Bhd (collectively the Beneficially Owners) for the acquisition of a freehold land held under Geran No.78658, Lot No. 20010, Seksyen 69 Bandar Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 18,332 square meters free from encumbrances on an ‘as is where is’ basis for a total purchase consideration of RM165,000,000/- (excluding Goods and Services Tax) (“**The Proposed LGT Land Acquisition**”).

The Proposed LGT Land Acquisition has been completed on 9 October 2017.

7.3 Material contingent liabilities, material commitments and total borrowings

Save as disclosed below, the Board of the Issuer is not aware of any material commitments and contingent liabilities incurred or known to be incurred by Sunway Group which upon becoming enforceable may have a material impact on the financial results or position of Sunway Group:

(i) Material Commitments

Sunway's material commitments are as follows:

Capital commitment not provided for in the financial period as at 30 September 2018 is as follows:

| | (RM'000) |
|--|----------------|
| Amount authorised and contracted for | 87,799 |
| Amount authorised but not contracted for | 156,194 |
| | <u>243,993</u> |

(ii) Contingent Liabilities

Save as below, as at 30 September 2018, the Board of the Issuer is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or the net asset ("NA") of the Sunway Group:

| | (RM'000) |
|---|----------------|
| Guarantees given to third parties in respect of contracts and trade performance | <u>808,767</u> |

(iii) Total Borrowings

The total borrowings of Sunway Group as at 30 September 2018 are RM9,035,368,000. The net borrowings of Sunway Group (total borrowings less cash and bank balances, and placement in funds) as at 30 September 2018 are RM 3,745,333,000. Net gearing of Sunway Group was 0.42 times as at 30 September 2018.

7.4 Conflict of interest and appropriate mitigating measures

After making enquiries as were reasonable in the circumstances, the Issuer is not aware of any circumstances which may potentially give rise to a conflict of interest situation between the Issuer and the parties involved in setting up and/or maintaining the Sukuk Programme.

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ANNEXURE 1

Price payable by the Issuer in the event of early redemption.

For ICPs

Price payable = Nominal value of the ICPs

For IMTNs

Price payable = the higher of NV or the ERS.

Each series of the Sukuk Mudharabah shall be redeemed (in whole but not in part).

Where:

Early Redemption Date : Date for the early redemption.

NV : Aggregate nominal value of the Sukuk Mudharabah to be redeemed, expressed in RM.

ERS : Early Redemption Sum, shall be calculated by the Facility Agent based on the following formula and the calculation of the Facility Agent shall be final and binding:

$$ERS = \frac{(NV \times ERP)}{100}$$

Profit : Periodic Distribution rate for each series of the Sukuk Mudharabah expressed as a percentage per annum.

YTM_R : Reference MGS plus Spread.

Reference MGS : Reference MGS shall be the MGS rates for the tenure which is equal to the remaining tenure of the series and shall be determined prior to the redemption of the IMTNs from:

(a) the latest consolidated Government Securities Rates (Conventional) published by BNM daily, two (2) business days prior to the early redemption notice; or

(b) if (a) above is not available, the arithmetic average of the mid-rates quoted by any five (5) principal dealers, two (2) business days prior to early redemption notice date or in the case where the rate for a particular tenure is not available directly, then such a rate shall be extrapolated on a linear basis using the available arithmetic average mid-rates;

PROVIDED THAT if the remaining tenure of the series is not an integer, the Reference MGS shall be the arithmetic mean of the rates of the two nearest tenures derived from (a) or (b) above.

Spread : Spread expressed as basis point (bps) shall be determined prior to the issuance of the Sukuk Mudharabah as follows:

| Remaining years to maturity | Spread (bps) | | | | |
|-----------------------------------|---------------|--------------|---------------|--------------|-------------|
| | Rating AA+ | Rating AA | Rating AA- | Rating A+ | Rating A |
| 1.0 | 84 | 94 | 104 | 153 | 209 |
| 2.0 | 84 | 94 | 104 | 165 | 234 |
| 3.0 | 82 | 92 | 102 | 175 | 254 |
| 4.0 | 77 | 87 | 97 | 181 | 270 |
| 5.0 | 78 | 88 | 97 | 193 | 292 |
| 6.0 | 69 | 79 | 88 | 195 | 297 |
| 7.0 | 66 | 75 | 84 | 203 | 308 |

ERP : Early redemption price per RM100.00 (2 decimal places) subject to a minimum of RM100.00, calculated as follows:

(i) For IMTNs with Periodic Distribution:

$$ERP = \left(\frac{100}{[1 + YTM_R / 2]^{(N-1) + (S/T)}} \right) + \left(\sum_{k=1}^N \frac{[100 \times (profit/2)]}{[1 + YTM_R / 2]^{(k-1) + (S/T)}} \right) - \left(\frac{U}{T} \times \frac{100 \times profit}{2} \right)$$

N : Number of Periodic Distribution Date(s) between maturity date and Early Redemption Date, inclusive of both the maturity date and Early Redemption Date.

S : Number of days from the Early Redemption Date to the immediate next Periodic Distribution Date.

T : Number of days between the immediate preceding Periodic Distribution Date (from the Early Redemption Date) to the immediate next Periodic Distribution Date (following the Early Redemption Date).

U : Number of days from the immediate preceding Periodic Distribution Date (from the Early Redemption Date) to the Early Redemption Date.

(ii) For IMTNs without Periodic Distribution:

$$ERP = \frac{100}{[1 + YTM_R / 2]^{(M-1) + (V/W)}}$$

M : Number of Subsequent Dates between the Early Redemption Date and the maturity date, inclusive of both the Early Redemption Date and the maturity date.

“**Subsequent Date(s)**” means the date(s) which shall fall on the last day of the successive six (6) month periods (“**Subsequent Period**”), the first period of which shall commence on the issue date.

V : Number of days from the Early Redemption Date to the immediate next Subsequent Date.

W : Number of days in the Subsequent Period within which the Early Redemption Date falls.

ANNEXURE 2

CORPORATE STRUCTURE OF SUNWAY GROUP AS AT THE LPD

Property Development

- Sunway Integrated Properties Sdn Bhd
- Sunway South Quay Sdn Bhd
- Sunway PKNS Sdn Bhd
- Sunway D'Mont Kiara Sdn Bhd
- Sunway City (Penang) Sdn Bhd
- Sunway Bintang Sdn Bhd
- Sunway City Properties Sdn Bhd
- Sunway City (Ipoh) Sdn Bhd
- Sunway Tunas Sdn Bhd
- Sunway Semenyih Sdn Bhd
- Sunway City (JB) Sdn Bhd
- Sunway Iskandar Sdn Bhd *
- Sunway Iskandar Development Sdn Bhd *
- Sunway Monterez Sdn Bhd
- Sunway Grand Sdn Bhd
- Sunway Melawati Sdn Bhd
- SunwayMas Sdn Bhd
- Sunway Termuning Sdn Bhd
- Sunway Rawang Heights Sdn Bhd
- Sunway Kanching Heights Sdn Bhd
- Sunway Bangi Sdn Bhd
- Sunway Eastwood Sdn Bhd
- Sunway Kiara Sdn Bhd
- Sunway Subang Sdn Bhd
- Sunway Serene Sdn Bhd
- Sunway Marketplace Sdn Bhd *
- Sunway Parkview Sdn Bhd *
- Sunway Seafront Sdn Bhd *
- Sunway Velocity Two Sdn Bhd *
- Sunway Kinrara Sdn Bhd
- Hoi Hup Sunway Development Pte Ltd *#
- Hoi Hup Sunway J.V. Pte Ltd *#
- Hoi Hup Sunway Property Pte Ltd *#
- Hoi Hup Sunway Miltonia Pte Ltd *#
- Hoi Hup Sunway Tampines Pte Ltd *#
- Hoi Hup Sunway Yuan Ching Pte Ltd *#
- Hoi Hup Sunway Pasir Ris Pte Ltd *#
- Hoi Hup Sunway Mount Sophia Pte Ltd *#
- Hoi Hup Sunway Sengkang Pte Ltd *#
- Hoi Hup Sunway Clementi Pte Ltd *#
- Hoi Hup Sunway Canberra Pte Ltd *#
- Sunway Australia Unit Trust #
- Sunway Guanghao Real Estate (Jiangyin) Co. Ltd #
- Tianjin Eco-City Sunway Property Development Co. Ltd *#
- Associated Circle Sdn Bhd
- Commercial Parade Sdn Bhd
- Bisikan Seni Sdn Bhd
- Imbasan Intisari Sdn Bhd
- Tidal Elegance Sdn Bhd
- Emerald Freight Sdn Bhd
- Park Symphony Sdn Bhd
- Winning Excellence Sdn Bhd

- Contemporary Factor Sdn Bhd
- Prosper Revenue Sdn Bhd
- Sunway Belfield Sdn Bhd
(formerly known as Sunway Innopark Sdn Bhd)
- Sunway Avila Sdn Bhd (formerly known as Sunglobal Resources Sdn Bhd)
- Sunway Supply Chain Enterprise Sdn Bhd
- Daksina Harta Sdn Bhd
- Sunway Permai Sdn Bhd
- Sunway GD Piling Sdn Bhd

Property Investment

- Sunway Pinnacle Sdn Bhd
- Sunway Giza Mall Sdn Bhd
- Sunway Giza Parking Sdn Bhd
- Sunway Destiny Sdn Bhd
- Sunway MUSC Sdn Bhd
- Sunway Monash-U Residence Sdn Bhd
- Sunway Residence Sdn Bhd
- Sunway Pyramid Development Sdn Bhd
- Sunway Velocity Mall Sdn Bhd
- Sunway REIT Management Sdn Bhd *
- Sunway Real Estate Investment Trust *^
- Sunway PFM Sdn Bhd
- Sunway IFM Sdn Bhd
- Sunway Parking Services Sdn Bhd
- Sunway Mall Parking Sdn Bhd
- Sunway Ambience Sdn Bhd
- Sunway Facility Management Sdn Bhd
- Sunway Symphony Sdn Bhd
- Sunway Century Sdn Bhd
- Rich Worldclass Sdn Bhd
- Sunway Tower 1 Sdn Bhd
- Sunway Townhouse Sdn Bhd
- Shahawan (M) Sdn Bhd
- Sunway Orient Sdn Bhd
- Sumber Dorongan Sdn Bhd
- Sunway Nexis Parking Sdn Bhd
- Sunway Transit System Sdn Bhd
- Sunway Geo Parking Sdn Bhd
- Sunway REM Sdn Bhd
- Sunway Geo Sdn Bhd
- Sunway International Vacation Club Sdn Bhd
- Reptolink Sdn Bhd
- Galaxy Avenue Sdn Bhd
- Sunway Sustainability Solutions Sdn Bhd

Leisure

- Sunway Lagoon Sdn Bhd
- Sunway Lost World Water Park Sdn Bhd
- Sunway Lagoon Club Berhad
- Sunway Leisure Sdn Bhd
- Sunway Travel Sdn Bhd

- Sunway Healthy Lifestyle Sdn Bhd
- Sunway Synergy Sdn Bhd (formerly known as Sunway Leisure Services Sdn Bhd)
- Pyramid Bowl Sdn Bhd *

Hospitality

- Sunway Resort Hotel Sdn Bhd
- Sunway Velocity Hotel Sdn Bhd
- Sunway Putra Hotel Sdn Bhd
- Sunway Biz Hotel Sdn Bhd
- Sunway Hotel (Seberang Jaya) Sdn Bhd
- Sunway Lost World Hotel Sdn Bhd
- Sunway International Hotels & Resorts Sdn Bhd
- Kinta Sunway Resort Sdn Bhd
- Sunway Hotel Phnom Penh Ltd #
- Sunway Hotel Hanoi Liability Limited Company with one member #
- Allson International Management Limited #
- Allson International Hotels & Resorts (BVI) Limited #

Construction

- Sunway Construction Sdn Bhd
- Sunway Engineering Sdn Bhd
- Sunway Concrete Products (S) Pte Ltd #
- Sunway Geotechnics (M) Sdn Bhd
- Sunway Precast Industries Sdn Bhd
- Sunway Machinery Sdn Bhd
- Sunway Concrete Products (M) Sdn Bhd

Trading and Manufacturing

- Sunway Marketing Sdn Bhd
- Sunway Enterprise (1988) Sdn Bhd
- Sunway Hydraulic Industries Sdn Bhd
- Sunway Marketing (East Malaysia) Sdn Bhd
- Sunway Hose Centre Sdn Bhd
- Sunway Marketing (S) Pte Ltd #
- Sunway Marketing (Thailand) Ltd #
- Sunway Marketing (Vietnam) Co Ltd #
- PT Sunway Flowtech #
- PT Sunway Trek Masindo #
- PT Sunway Pacific Flow #
- Sunway Totalrubber Ltd #
- Sunway Totalrubber Services Franchising Pty Ltd #
- Sunway Hydraulic Industries (Wuhu) Co Ltd #
- Sunway Trading (Shanghai) Pte Ltd #
- Sunway Daechang Forging (Anhui) Co Ltd #
- Sunway Winstar Sdn Bhd
- Sunway Saf-T Quip Sdn Bhd
- Sunway United Star Sdn Bhd
- Sunway Hsing Yeat Sdn Bhd
- Sunway Coating Solutions Sdn Bhd
- Jaya DIY Mart Sdn Bhd

Quarry

- Sunway Quarry Industries Sdn Bhd
- Sunway Quarry (Kuala Kangsar) Sdn Bhd
- Sunway Quarry Industries (Melaka) Sdn Bhd
- Twinners (Malaysia) Sdn Bhd

Building Materials

- Sunway Paving Solutions Sdn Bhd
- Sunway Paving Solutions (Sabah) Sdn Bhd (formerly known as Telipok Concrete Sdn Bhd)
- Sunway VCP Sdn Bhd
- Sunway Spun Pile (M) Sdn Bhd
- Sunway Spun Pile (Zhuhai) Co Ltd #

Healthcare

- Sunway Medical Centre Sdn Bhd
- SunMed@Homes Sdn Bhd
- SunMed Clinics Sdn Bhd
- SunMed Velocity Sdn Bhd

Investment Holdings and Others

- Sunway City Sdn Bhd
- Sunway Holdings Sdn Bhd
- Sunway Holdings (Vietnam) Sdn Bhd
- Sunway Global Limited #
- Sunway Management Sdn Bhd
- Sunway Shared Services Sdn Bhd
- Sunway HR Shared Services Sdn Bhd
- Sunway Leasing Sdn Bhd
- SWL Nominees (Tempatan) Sdn Bhd
- Sunway Elite Sdn Bhd
- Sunway Credit Sdn Bhd
- Sunway Risk Management Sdn Bhd
- Sunway Captive Insurance Ltd
- Gopeng Berhad **^
- SunCity Vietnam Sdn Bhd
- Hochimex Nominee Company Limited #
- Sunway City (S'pore) Pte Ltd #
- Sunway Real Estate (China) Limited #
- Eastern Glory Enterprises Limited #
- Konsep Objektif (M) Sdn Bhd
- Sunway REIT Holdings Sdn Bhd
- Sunway Treasury Sdn Bhd
- Sunway Treasury Sukuk Sdn Bhd
- Sunway Investment Management Consultancy (Shanghai) Co. Ltd #
- Sunway Hospitality Holdings Limited #
- International Theme Park Pty Ltd #
- Sunway Developments Pte Ltd #
- Fortuna Gembira Enterpris Sdn Bhd
- Hartford Lane Pty Ltd #
- Sunway FSSC Sdn Bhd
- Sunway Labuan Investment Ltd
- Sunway Pals Loyalty Sdn Bhd
- Deco Style Sdn Bhd
- Sunway Design Sdn Bhd

- Sunway Construction Group Berhad ^
- Sunway Pendas Management Sdn Bhd
- Sunway Southern Management Sdn Bhd
- Sunway Pharma Sdn Bhd
- Sunway PopBox Sdn Bhd
- Monumental Productions Sdn Bhd
- Sunway Ventures Sdn Bhd
- Sunway Leadership Centre Sdn Bhd
- Pasir Mas Holdings Sdn Bhd
- Fame Parade Sdn Bhd
- Emerald Tycoon Sdn Bhd
- Sunway Brands Sdn Bhd
- Allson International Hotels & Resorts Sdn Bhd• Sunway Quantum Sdn Bhd (formerly known as Sunway Ordera Sdn Bhd)
- Sunway (Tianjin) Management Consultancy Co. Ltd. #
- Sunway Land Pte Ltd #
- Sunway City India Private Limited #

Notes:

This Group Corporate Structure excludes dormant companies.

Overseas company

^ Public listed company

* Associated company / Joint venture company

ANNEXURE 3

**AUDITED ACCOUNTS OF SUNWAY TREASURY SUKUK SDN BHD
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

SUNWAY TREASURY SUKUK SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2017

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

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| Statement of profit or loss and other comprehensive income | 10 |
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| Statement of changes in equity | 12 |
| Statement of cash flows | 13 |
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Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2017.

Principal activity

The principal activity of the Company is provision of financial services to its related companies.

There has been no significant change in the nature of this principal activity during the financial year.

Results

| | RM |
|-------------------------------|-------------------|
| Profit for the financial year | <u>15,428,522</u> |

Dividends

The dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

| | RM |
|---|-------------------|
| In respect of financial year ended 31 December 2017: | |
| First interim single tier dividend of approximately RM16.66666 per ordinary share, paid on 17 March 2017 | 5,000,000 |
| Second interim single tier dividend of approximately RM26.66666 per ordinary share, paid on 30 June 2017 | 8,000,000 |
| Third interim single tier dividend of approximately RM16.66666 per ordinary share, paid on 28 September 2017 | 5,000,000 |
| Fourth interim single tier dividend of approximately RM18.33333 per ordinary share, paid on 19 December 2017 | <u>5,500,000</u> |
| | <u>23,500,000</u> |

On 16 March 2018, the Board of Directors declared single-tier dividend of approximately RM13.33333 per ordinary share of the Company for the financial year ending 31 December 2018. The total dividend paid amounted to RM4,000,000. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

The Directors do not recommend any payment of final dividend for the current financial year.

Issue of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

**Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)**

Options granted over unissued shares

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Directors

The Directors who have held office during the financial year until the date of this report are as follows:

Chong Chang Choong
Tan Poh Chan

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted under the Employees' Share Option Scheme and warrants issued of Sunway Berhad.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remunerations received by certain Directors as Directors or Executives of the related corporations.

Directors' interests

The Company is a wholly-owned subsidiary of Sunway Treasury Sdn. Bhd., the immediate holding company. Chong Chang Choong and Tan Poh Chan are also Directors of the immediate holding company. Pursuant to Section 59(3) of the Companies Act 2016, the register of Directors' shareholdings needs not disclose the interests of the abovementioned Directors in shares, warrants and options over ordinary shares in the Company and its related corporations. The interests of the abovementioned Directors are disclosed in the register of Directors' shareholdings of the immediate holding company, Sunway Treasury Sdn. Bhd..

Directors' Remuneration

There is no remuneration paid or payable to Directors during the financial year.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Indemnity and insurance for officers and auditors

No indemnity was given to any Directors or officers of the Company during the financial year. The corporate liability insurance was however effected for all the Directors and officers of Sunway Berhad and its subsidiaries. The cost of such insurance thereon is disclosed in the Directors' Report of Sunway Berhad.

There were no indemnity given to or insurance effected for the auditors of the Company during the financial year.

Other statutory information

(I) As at the end of the financial year

- (a) Before the financial statements of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Company;
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (contd.)

(II) From the end of the financial year to the date of this report (contd.)

(d) In the opinion of the Directors: (contd.)

- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Company to meet its obligations as and when they fall due.

(III) As at the date of this report

- (e) There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Company misleading.

Holding companies

The intermediate holding company is Sunway Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

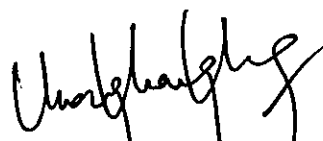
The immediate, penultimate and ultimate holding companies are Sunway Treasury Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia.

Auditors

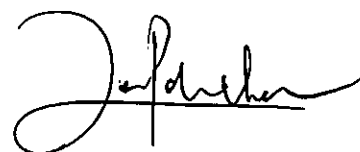
The auditors, BDO, have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company for the financial year ended 31 December 2017 are disclosed in Note 8 to the financial statements.

Signed by the Board in accordance with a resolution of the Directors dated 21 March 2018.



Chong Chang Choong



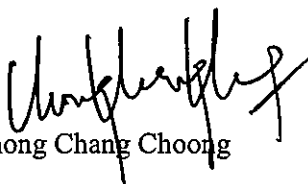
Tan Poh Chan

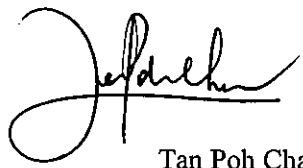
**Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016**

We, Chong Chang Choong and Tan Poh Chan, being the Directors of Sunway Treasury Sukuk Sdn. Bhd., do hereby state that, in our opinion, the accompanying financial statements set out on pages 10 to 28 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and cash flows for the financial year then ended.

Signed by the Board in accordance with a resolution of the Directors dated 21 March 2018.

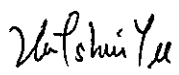

Chong Chang Choong


Tan Poh Chan

**Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Ha Tshui Yee, being the officer primarily responsible for the financial management of Sunway Treasury Sukuk Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 28 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ha Tshui Yee
at Petaling Jaya in the State of
Selangor Darul Ehsan on 21 March 2018


Ha Tshui Yee

Before me,



No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

1088200-V

**Independent Auditors' Report to the Member of
Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunway Treasury Sukuk Sdn. Bhd., which comprise the statement of financial position as at 31 December 2017 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



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**Independent Auditors' Report to the Member of
Sunway Treasury Sukuk Sdn. Bhd. (contd.)
(Incorporated in Malaysia)**

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



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**Independent Auditors' Report to the Member of
Sunway Treasury Sukuk Sdn. Bhd. (contd.)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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**Independent Auditors' Report to the Member of
Sunway Treasury Sukuk Sdn. Bhd. (contd.)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (contd.)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
21 March 2018

Tang Seng Choon
02011/12/2019 J
Chartered Accountant

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2017

| | Note | 2017 RM | 2016 RM |
|--|------|--------------|--------------|
| Revenue | 4 | 97,980,200 | 77,446,393 |
| Cost of services | 5 | (82,671,097) | (63,556,137) |
| Gross profit | | 15,309,103 | 13,890,256 |
| Administrative expenses | | (232,723) | (180,682) |
| Operating profit | | 15,076,380 | 13,709,574 |
| Finance income | 6 | 352,142 | 301,930 |
| Profit before tax | 8 | 15,428,522 | 14,011,504 |
| Income tax expense | 9 | - | (570,446) |
| Profit for the financial year | | 15,428,522 | 13,441,058 |
| Other comprehensive income, net of tax | | - | - |
| Total comprehensive income | | 15,428,522 | 13,441,058 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2017

| | Note | 2017 RM | 2016 RM |
|--|-------------|----------------------|----------------------|
| Assets | | | |
| Non-current asset | | | |
| Equipment | 11 | - | 1,055 |
| Current assets | | | |
| Other receivables | 13 | 318,198 | 2,241,564 |
| Cash and bank balances | 14 | 3,634,291 | 4,385,889 |
| Amounts due from related companies | 15 | 1,931,640,084 | 1,813,169,101 |
| Amount due from a related party | 15 | 54,505,473 | - |
| Tax recoverable | | - | 424,000 |
| | | <u>1,990,098,046</u> | <u>1,820,220,554</u> |
| Total assets | | <u>1,990,098,046</u> | <u>1,820,221,609</u> |
| Equity and liabilities | | | |
| Current liabilities | | | |
| Borrowings | 16 | 900,000,000 | 1,335,000,000 |
| Other payables | 17 | 4,989,288 | 121,471 |
| Amount due to intermediate holding company | 18 | 3,980,074 | 3,215,334 |
| Amount due to immediate holding company | 18 | - | 2,684,836 |
| Amounts due to related companies | 18 | 2,102 | 1,908 |
| | | <u>908,971,464</u> | <u>1,341,023,549</u> |
| Net current assets | | <u>1,081,126,582</u> | <u>479,197,005</u> |
| Non-current liabilities | | | |
| Borrowings | 16 | <u>1,080,000,000</u> | <u>470,000,000</u> |
| Total liabilities | | <u>1,988,971,464</u> | <u>1,811,023,549</u> |
| Equity attributable to owner of the Company | | | |
| Share capital | 19 | 300,000 | 300,000 |
| Retained earnings | | <u>826,582</u> | <u>8,898,060</u> |
| Total equity | | <u>1,126,582</u> | <u>9,198,060</u> |
| Total equity and liabilities | | <u>1,990,098,046</u> | <u>1,820,221,609</u> |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2017

| | Share capital RM | Distributable Retained earnings RM | Equity, total RM |
|--|---------------------------------|---|---------------------------------|
| At 1 January 2017 | 300,000 | 8,898,060 | 9,198,060 |
| Profit for the financial year | - | 15,428,522 | 15,428,522 |
| Other comprehensive income, net of tax | - | - | - |
| Total comprehensive income | - | 15,428,522 | 15,428,522 |
| Transactions with owner: | | | |
| Dividends paid (Note 10) | - | (23,500,000) | (23,500,000) |
| At 31 December 2017 | 300,000 | 826,582 | 1,126,582 |
| At 1 January 2016 | 300,000 | 5,457,002 | 5,757,002 |
| Profit for the financial year | - | 13,441,058 | 13,441,058 |
| Other comprehensive income, net of tax | - | - | - |
| Total comprehensive income | - | 13,441,058 | 13,441,058 |
| Transaction with owner: | | | |
| Dividend paid (Note 10) | - | (10,000,000) | (10,000,000) |
| At 31 December 2016 | 300,000 | 8,898,060 | 9,198,060 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2017

| | Note | 2017 RM | 2016 RM |
|--|------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 15,428,522 | 14,011,504 |
| Adjustments for: | | | |
| Depreciation of equipment | 11 | 1,055 | 1,581 |
| Share option granted under ESOS | 7 | 1,011 | - |
| Finance income | 6 | (352,142) | (301,930) |
| Operating profit before working capital changes | | 15,078,446 | 13,711,155 |
| Changes in working capital: | | | |
| Other receivables | | 1,915,368 | (765,749) |
| Other payables | | 4,973,817 | 1,945 |
| Intermediate holding company | | 764,740 | 3,215,334 |
| Related companies | | (118,470,789) | (565,511,721) |
| Related party | | (54,505,473) | - |
| Cash used in operations | | (150,243,891) | (549,349,036) |
| Tax paid | | (106,000) | (318,000) |
| Tax refunded | | 424,000 | - |
| Net cash used in operating activities | | (149,925,891) | (549,667,036) |
| Cash flows from investing activities | | | |
| Interest received | | 360,140 | 287,150 |
| Placement of deposit with a licensed bank with maturity of over 3 months | | (659) | - |
| (Repayments to)/Advances from immediate holding company | | (2,684,836) | 2,684,836 |
| Repayment to intermediate holding company | | (1,011) | - |
| Net cash (used in)/from investing activities | | (2,326,366) | 2,971,986 |
| Cash flows from financing activities | | | |
| Dividends paid | | (23,500,000) | (10,000,000) |
| Drawdown of commercial papers | | 305,000,000 | 2,590,200,000 |
| Drawdown of medium term notes | | 610,000,000 | 400,000,000 |
| Repayments of commercial papers | | (740,000,000) | (2,430,200,000) |
| Net cash from financing activities | | 151,500,000 | 550,000,000 |
| Net (decrease)/increase in cash and cash equivalents | | (752,257) | 3,304,950 |
| Cash and cash equivalents at beginning of financial year | | 4,365,174 | 1,060,224 |
| Cash and cash equivalents at end of financial year | 14 | 3,612,917 | 4,365,174 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2017

1. Corporate information

Sunway Treasury Sukuk Sdn. Bhd. ("the Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 17, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is provision of financial services to its related companies.

There has been no significant change in the nature of this principal activity during the financial year.

The immediate, intermediate, penultimate and ultimate holding companies are Sunway Treasury Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use. Related companies in these financial statements refer to companies within the Sunway Berhad group of companies.

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution by the Board of Directors on 21 March 2018.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 21(a) to the financial statements.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

3. Capital and financial risk management

(a) Capital management

The primary objective of the capital management of the Company is to ensure that it maintains a strong credit rating and healthy capital ratios, in order to support the business of the Company and maximise shareholder's value.

The Company manages its capital structure by ensuring that financial commitments are met as and when they fall due. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016. The policies and procedures of the Company also include, where necessary, obtaining funding from its immediate holding company to ensure, as far as possible, that they will always have sufficient liquidity to meet its liabilities when due.

(b) Financial risk management objectives and policies

The financial risk management policy of the Company seeks to ensure that adequate financial resources are available for the development of the business of the Company whilst managing its interest rate risk (both fair value and cash flow), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the policy of the Company that no trading in derivative financial instruments shall be undertaken.

Interest rate risk

The exposure to interest rate of the Company arises primarily from deposits with a licensed bank and other financial institution, advances given to related companies, a related party and

The interest rate profiles and sensitivity analysis of interest rate risk have been disclosed in Notes 14, 15 and 16 to the financial statements.

Liquidity risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Company raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 16, 17 and 18 to the financial statements.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

3. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Company to credit risk arises primarily from trade receivables from related companies and a related party. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Company is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the exposure of the Company to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Note 15 to the financial statements.

4. Revenue

| | 2017 | 2016 |
|---------------------------|-------------------|-------------------|
| | RM | RM |
| Interest income (Note 20) | <u>97,980,200</u> | <u>77,446,393</u> |

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met.

Interest income from short term deposits and advances is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

5. Cost of services

| | 2017 | 2016 |
|---|---------------------|---------------------|
| | RM | RM |
| Interest on commercial papers and medium term notes | (78,007,985) | (60,236,500) |
| Corporate guarantee commission fees (Note 20) | (3,978,533) | (3,215,333) |
| Professional fees | (562,861) | - |
| Trustee fees | (45,903) | (28,281) |
| Commercial papers and medium term notes fees | (75,815) | (76,023) |
| | <u>(82,671,097)</u> | <u>(63,556,137)</u> |

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

6. Finance income

| | 2017 | 2016 |
|-----------------------|----------------|----------------|
| | RM | RM |
| Interest income from: | | |
| - fixed deposit | 10,485 | 23,742 |
| - auto sweep account | 341,657 | 278,188 |
| | <u>352,142</u> | <u>301,930</u> |

7. Employee benefits expense

| | 2017 | 2016 |
|--|---------------|---------------|
| | RM | RM |
| Wages, salaries and bonuses | 51,876 | 47,339 |
| Contributions to defined contribution plan | 6,746 | 6,037 |
| Social security contributions | 662 | 614 |
| Share option granted under ESOS | 1,011 | - |
| Other benefits | 5,797 | 3,435 |
| | <u>66,092</u> | <u>57,425</u> |

8. Profit before tax

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

| | 2017 | 2016 |
|--|---------------|---------------|
| | RM | RM |
| Auditors' remuneration: | | |
| - current year | 3,000 | 2,000 |
| Service level agreement fees (Note 20) | 36,988 | 41,380 |
| | <u>36,988</u> | <u>41,380</u> |

9. Income tax expense

There is no tax expense in the current and previous financial year as the Company has no chargeable income.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

9. Income tax expense (contd.)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

| | 2017 RM | 2016 RM |
|-----------------------------------|------------|------------|
| Deferred tax: | | |
| - over recognition in prior years | - | 570,446 |

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

| | 2017 RM | 2016 RM |
|---|-------------|-------------|
| Profit before tax | 15,428,522 | 14,011,504 |
| Taxation at Malaysian statutory tax rate of 24% (2016: 24%) | 3,702,845 | 3,362,761 |
| Income not subject to tax | (3,932,468) | (3,585,575) |
| Expenses not deductible for tax purposes | 851 | 36 |
| Deferred tax assets not recognised | 228,772 | 222,778 |
| Over recognition of deferred tax in prior years | - | 570,446 |
| | - | 570,446 |

10. Dividends

| | 2017 RM | 2016 RM |
|--|------------|------------|
| First interim single tier dividend of approximately RM16.66666 per ordinary share, paid on 17 March 2017 | 5,000,000 | - |
| Second interim single tier dividend of approximately RM26.66666 per ordinary share, paid on 30 June 2017 | 8,000,000 | - |
| Third interim single tier dividend of approximately RM16.66666 per ordinary share, paid on 28 September 2017 | 5,000,000 | - |
| Fourth interim single tier dividend of approximately RM18.33333 per ordinary share, paid on 19 December 2017 | 5,500,000 | - |
| Final single tier dividend for the financial year ended 31 December 2015 of RM33.33333 sen per share | - | 10,000,000 |
| | 23,500,000 | 10,000,000 |

On 16 March 2018, the Board of Directors declared single-tier dividend of approximately RM13.33333 per ordinary share of the Company for the financial year ending 31 December 2018. The total dividend paid amounted to RM4,000,000. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

11. Equipment

| | 2017 | 2016 |
|----------------------------------|--------------|--------------|
| | RM | RM |
| Computer equipment | | |
| Cost | | |
| At beginning of financial year | 3,163 | 3,163 |
| Additions | - | - |
| At end of financial year | <u>3,163</u> | <u>3,163</u> |
| Accumulated depreciation | | |
| At beginning of financial year | 2,108 | 527 |
| Depreciation charge for the year | 1,055 | 1,581 |
| At end of financial year | <u>3,163</u> | <u>2,108</u> |
| Net carrying amount | <u>-</u> | <u>1,055</u> |

All items of equipment are initially recorded at cost. After initial recognition, equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment 20%

The useful lives and residual values of the components of equipment are estimated based on common life expectancies and commercial factors applied in the industry.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

12. Deferred tax assets

| | 2017 | 2016 |
|---------------------------------------|-------------|-------------|
| | RM | RM |
| At beginning of financial year | - | 570,446 |
| Recognised in profit or loss (Note 9) | - | (570,446) |
| At end of financial year | <u>-</u> | <u>-</u> |

The components and movements of deferred tax assets during the financial year are as follows:

| | Unused tax losses RM | Unabsorbed capital allowances RM | Other taxable temporary differences RM | Total RM |
|------------------------------|---|---|---|---------------------|
| At 1 January 2016 | 570,177 | 759 | (490) | 570,446 |
| Recognised in profit or loss | (570,177) | (759) | 490 | (570,446) |
| At 31 December 2016 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

12. Deferred tax assets (contd.)

Deferred tax assets have not been recognised in respect of the following items:

| | 2017 RM | 2016 RM |
|--|--------------------------|--------------------------|
| Unused tax losses | 4,224,511 | 3,275,445 |
| Other deductible temporary differences | 6,943 | 2,791 |
| | <u>4,231,454</u> | <u>3,278,236</u> |

Deferred tax assets have not been recognised in respect of these items as future taxable profits may be insufficient to trigger the utilisation of these items.

13. Other receivables

| | 2017 RM | 2016 RM |
|---|--------------------------|--------------------------|
| Prepayments | 295,916 | 2,211,284 |
| Interest receivable | 22,282 | 30,280 |
| Total other receivables | 318,198 | 2,241,564 |
| Add: Amounts due from related companies (Note 15) | 1,931,640,084 | 1,813,169,101 |
| Add: Amount due from a related party (Note 15) | 54,505,473 | - |
| Less: Prepayments | (295,916) | (2,211,284) |
| Add: Cash and bank balances (Note 14) | 3,634,291 | 4,385,889 |
| Total loans and receivables | <u>1,989,802,130</u> | <u>1,817,585,270</u> |

(a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.

(b) All receivables are denominated in Ringgit Malaysia.

14. Cash and bank balances

| | 2017 RM | 2016 RM |
|--|--------------------------|--------------------------|
| Cash at banks and on hand | 2,512,561 | 4,365,174 |
| Deposits with: | | |
| - a licensed bank | 21,374 | 20,715 |
| - other financial institution | 1,100,356 | - |
| Total cash and bank balances (Note 13) | <u>3,634,291</u> | <u>4,385,889</u> |

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

14. Cash and bank balances (contd.)

- (a) The deposit with a licensed bank of the Company bears fixed interest rate of 2.85% (2016: 2.85%) per annum and maturity term is 180 days (2016: 181 days).
- (b) The deposit with other financial institution of the Company bears fixed interest rate of 3.00% per annum and maturity term is 4 days.
- (c) Cash and bank balances are denominated in Ringgit Malaysia.
- (d) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

| | 2017 | 2016 |
|--|------------------|------------------|
| | RM | RM |
| Cash and bank balances | 3,634,291 | 4,385,889 |
| Less: Deposit with a licensed bank with maturity of over 3 months | <u>(21,374)</u> | <u>(20,715)</u> |
| Total cash and cash equivalents | <u>3,612,917</u> | <u>4,365,174</u> |

- (e) As at the end of the reporting period, the interest rate profile of the interest-bearing deposit with a licensed bank and other financial institution was:

| | 2017 | 2016 |
|------------|------------------|---------------|
| | RM | RM |
| Fixed rate | <u>1,121,730</u> | <u>20,715</u> |

Sensitivity analysis for fixed rate deposit with a licensed bank and other financial institution at the end of the reporting period is not presented as it is not affected by changes in interest rates.

15. Amounts due from related companies and a related party

- (a) The amounts due from related companies and a related party are trade in nature, unsecured, bears interest at rates ranging from 5.12% to 5.56% (2016: 4.45% to 5.41%) per annum and the term of repayment is on demand.
- (b) Concentration of credit risk relates to trade receivables from related companies and a related party. The historical experience of the Company in the collection of accounts receivable falls within the recorded allowances.

As at the end of the reporting period, approximately 69% (2016: 66%) of the receivables of the Company is due from 5 (2016: 5) major customers, which are related companies.

Sunway Treasury Sukuk Sdn. Bhd.
(Incorporated in Malaysia)

15. Amounts due from related companies and a related party (contd.)

- (c) As at the end of the reporting period, the interest rate profile of amounts due from related companies and a related party was:

| | 2017 | 2016 |
|------------|----------------------|----------------------|
| | RM | RM |
| Fixed rate | <u>1,986,145,557</u> | <u>1,813,169,101</u> |

Sensitivity analysis for fixed rate receivables at the end of the reporting period is not presented as it is not affected by changes in interest rates.

- (d) Ageing analysis of trade receivables

The ageing analysis of the trade receivables of the Company is as follows:

| | 2017 | 2016 |
|-------------------------------|----------------------|----------------------|
| | RM | RM |
| Neither past due nor impaired | <u>1,986,145,557</u> | <u>1,813,169,101</u> |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers with good track record with the Company. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the trade receivables of the Company that are neither past due nor impaired have been renegotiated during the financial year.

16. Borrowings

| | 2017 | 2016 |
|------------------------------|----------------------|----------------------|
| | RM | RM |
| Short term borrowings | | |
| Unsecured: | | |
| Commercial papers | 900,000,000 | 1,335,000,000 |
| Long term borrowings | | |
| Unsecured: | | |
| Medium term notes | 1,080,000,000 | 470,000,000 |
| Total borrowings | <u>1,980,000,000</u> | <u>1,805,000,000</u> |

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16. Borrowings (contd.)

- (a) The borrowings are unsecured but guaranteed by the intermediate holding company, Sunway Berhad.
- (b) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

| | 2017 % | 2016 % |
|-------------------|-----------|-----------|
| Commercial papers | 3.81 | 3.88 |
| Medium term notes | 4.93 | 5.59 |

- (c) All borrowings are denominated in Ringgit Malaysia.
- (d) As at the end of the reporting period, the interest rate profile of the borrowings was:

| | 2017 RM | 2016 RM |
|------------|---------------|---------------|
| Fixed rate | 1,980,000,000 | 1,805,000,000 |

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

- (e) The maturity profile of the borrowings of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

| | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|----------------------------|--|----------------------------|--------------------------|---------------|
| At 31 December 2017 | | | | |
| Borrowings | 952,161,449 | 1,225,735,781 | - | 2,177,897,230 |
| At 31 December 2016 | | | | |
| Borrowings | 1,364,724,937 | 94,640,000 | 480,177,041 | 1,939,541,978 |

Sunway Treasury Sukuk Sdn. Bhd.
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16. Borrowings (contd.)

- (f) The carrying amounts of borrowings of the Company as at the end of the reporting period that do not approximate their fair values are:

| | Carrying amount RM | Fair value RM |
|----------------------------|--------------------------|----------------------|
| At 31 December 2017 | | |
| Borrowings (Non-current) | <u>1,080,000,000</u> | <u>1,105,986,888</u> |
| At 31 December 2016 | | |
| Borrowings (Non-current) | <u>470,000,000</u> | <u>472,256,847</u> |

- (g) The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (h) Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities.

| | 1.1.2017 RM | Cash flows RM | Non-cash changes RM | 31.12.2017 RM |
|-------------------|----------------------|--------------------|---------------------------|----------------------|
| Commercial papers | 1,335,000,000 | (435,000,000) | - | 900,000,000 |
| Medium term notes | 470,000,000 | 610,000,000 | - | 1,080,000,000 |
| Total borrowings | <u>1,805,000,000</u> | <u>175,000,000</u> | <u>-</u> | <u>1,980,000,000</u> |

17. Other payables

| | 2017 RM | 2016 RM |
|---|------------------|------------------|
| Accruals | 4,964,965 | 15,471 |
| Sundry payables | 24,323 | 106,000 |
| Total other payables | <u>4,989,288</u> | <u>121,471</u> |
| Add: Amount due to intermediate holding company | 3,980,074 | 3,215,334 |
| Add: Amount due to immediate holding company | - | 2,684,836 |
| Add: Amounts due to related companies | 2,102 | 1,908 |
| Total financial liabilities carried at amortised cost | <u>8,971,464</u> | <u>6,023,549</u> |

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17. Other payables (contd.)

- (a) All payables are denominated in Ringgit Malaysia.
- (b) The maturity profile of the other payables of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

18. Amounts due to intermediate holding company, immediate holding company and related companies

- (a) The amounts due to intermediate holding company, immediate holding company and related companies were unsecured, non-interest bearing and the term of repayment were on demand.
- (b) The maturity profile of amounts due to intermediate holding company, immediate holding company and related companies at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

19. Share capital

| | Number of shares | | Amount | |
|--------------------------------------|------------------|---------|---------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| | | | RM | RM |
| Authorised: | | | | |
| Ordinary shares of RM1 each | | | | |
| At beginning/end of financial year * | - | 400,000 | - | 400,000 |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At beginning/end of financial year | 300,000 | 300,000 | 300,000 | 300,000 |

* With the introduction of new Companies Act 2016 effective 31 January 2017, the concept of authorised share capital and par value of share capital have been abolished.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the residual assets of the Company.

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20. Related party disclosures

(a) Identities of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationships with its holding companies and its related companies.

(b) Significant related party transactions

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | RM | RM |
| Interest income received/receivable from (Note 4): | | |
| - related companies | 95,221,008 | 77,446,393 |
| - a related party | 2,759,192 | - |
| | <u>97,980,200</u> | <u>77,446,393</u> |
| Service level agreement fees paid/payable to related companies (Note 8) | <u>(36,988)</u> | <u>(41,380)</u> |
| Corporate guarantee commission fees paid/payable intermediate holding company (Note 5) | <u>(3,978,533)</u> | <u>(3,215,333)</u> |

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2017 and 2016 are disclosed in Notes 15 and 18 to the financial statements.

(c) Remuneration of key management personnel

Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling activities of the Company either directly or indirectly. The key management personnel of the Company include all the Directors of the Company who make critical decisions in relation to the strategic direction of the Company. The Directors did not receive any remuneration for the financial years then ended 31 December 2017 and 31 December 2016.

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21. Adoption of MFRSs and Amendments to MFRSs

(a) New MFRSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2017, the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2017.

| Title | Effective Date |
|--|-----------------------|
| Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i> | 1 January 2017 |
| Amendments to MFRS 107 <i>Disclosure Initiative</i> | 1 January 2017 |
| Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> | 1 January 2017 |

Adoption of the above Standards did not have any material effect on the financial performance or position of the Company.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Company are disclosed below. The Company intends to adopt these Standards, if applicable, when they become effective.

| Title | Effective Date |
|---|---------------------------------|
| MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i> | 1 January 2018 |
| MFRS 15 <i>Revenue from Contracts with Customers</i> | 1 January 2018 |
| Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i> | 1 January 2018 |
| Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i> | 1 January 2018 |
| Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i> | See MFRS 4 Paragraphs 46 and 48 |
| Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i> | 1 January 2018 |
| Amendments to MFRS 140 <i>Transfers of Investment Property</i> | 1 January 2018 |
| Clarifications to MFRS 15 | 1 January 2018 |
| IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i> | 1 January 2018 |
| MFRS 16 <i>Leases</i> | 1 January 2019 |
| Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |

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21. Adoption of MFRSs and Amendments to MFRSs (contd.)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (contd.)

| Title | Effective Date |
|---|-----------------------|
| Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i> | 1 January 2019 |
| Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 128 <i>Long-term interest in Associates and Joint Ventures</i> | 1 January 2019 |
| IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| MFRS 17 <i>Insurance Contract</i> | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Company is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

ANNEXURE 4

**FINANCIAL STATEMENTS OF SUNWAY BERHAD
FOR THE THIRD QUARTER OF 2018**

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

| | NOTE | INDIVIDUAL QUARTER | PRECEDING YEAR | INCREASE/ (DECREASE) | CUMULATIVE QUARTER | PRECEDING YEAR | INCREASE/ (DECREASE) |
|--|------|---|---|-------------------------|---|--|-------------------------|
| | | CURRENT YEAR QUARTER 30/9/2018 RM'000 | CORRESPONDING QUARTER 30/9/2017 RM'000 (RESTATED) | | CURRENT YEAR TO DATE 30/9/2018 RM'000 | CORRESPONDING PERIOD 30/9/2017 RM'000 (RESTATED) | |
| REVENUE | | 1,444,573 | 1,282,957 | 13% | 4,040,083 | 3,612,212 | 12% |
| OPERATING EXPENSES | | (1,308,363) | (1,162,907) | 13% | (3,683,576) | (3,226,158) | 14% |
| OTHER OPERATING INCOME | | 23,516 | 25,943 | (9%) | 99,258 | 67,977 | 46% |
| PROFIT FROM OPERATIONS | | 159,726 | 145,993 | 9% | 455,765 | 454,031 | 0% |
| FINANCE INCOME | | 66,520 | 56,198 | 18% | 177,714 | 142,735 | 25% |
| FINANCE COSTS | | (69,959) | (62,492) | 12% | (201,576) | (174,503) | 16% |
| SHARE OF PROFIT FROM ASSOCIATES | | 29,858 | 29,908 | (0%) | 142,327 | 139,851 | 2% |
| SHARE OF PROFIT FROM JOINT VENTURES | | 7,808 | 19,332 | (60%) | 22,831 | 48,574 | (53%) |
| PROFIT BEFORE TAX | | 193,953 | 188,939 | 3% | 597,061 | 610,688 | (2%) |
| INCOME TAX EXPENSE | B5 | (27,056) | (27,387) | (1%) | (76,912) | (92,744) | (17%) |
| PROFIT FOR THE PERIOD | | 166,897 | 161,552 | 3% | 520,149 | 517,944 | 0% |
| ATTRIBUTABLE TO: | | | | | | | |
| - OWNERS OF THE PARENT | | 145,308 | 145,008 | 0% | 466,669 | 447,949 | 4% |
| - NON-CONTROLLING INTERESTS | | 21,589 | 16,544 | 30% | 53,480 | 69,995 | (24%) |
| | | 166,897 | 161,552 | 3% | 520,149 | 517,944 | 0% |
| EARNINGS PER SHARE | | | | | | | |
| (i) BASIC (sen) | | 2.99 | 3.04 | (2%) | 9.57 | 9.36 | 2% |
| (ii) DILUTED (sen) | | 2.99 | 3.02 | (1%) | 9.56 | 9.29 | 3% |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|--|
| | CURRENT YEAR QUARTER 30/9/2018 | PRECEDING YEAR CORRESPONDING QUARTER 30/9/2017 | CURRENT YEAR TO DATE 30/9/2018 | PRECEDING YEAR CORRESPONDING PERIOD 30/9/2017 |
| | RM'000 | RM'000 (RESTATED) | RM'000 | RM'000 (RESTATED) |
| PROFIT FOR THE PERIOD | 166,897 | 161,552 | 520,149 | 517,944 |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS | | | | |
| FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION | (5,191) | (6,668) | (62,437) | 7,492 |
| CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS | | | | |
| - FAIR VALUE OF DERIVATIVES | (37,723) | 32,792 | (41,436) | 111,193 |
| - AMOUNT RECYCLED TO PROFIT OR LOSS | 35,274 | (32,919) | 39,296 | (107,956) |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS | (7,640) | (6,795) | (64,577) | 10,729 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 159,257 | 154,757 | 455,572 | 528,673 |
| ATTRIBUTABLE TO: | | | | |
| - OWNERS OF THE PARENT | 136,646 | 138,510 | 401,491 | 451,919 |
| - NON-CONTROLLING INTERESTS | 22,611 | 16,247 | 54,081 | 76,754 |
| | 159,257 | 154,757 | 455,572 | 528,673 |

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

| | CURRENT QUARTER 30/9/2018 | IMMEDIATE PRECEDING QUARTER 30/6/2018 | INCREASE/ (DECREASE) |
|--|---------------------------------|--|-------------------------|
| | RM'000 | RM'000 | % |
| REVENUE | 1,444,573 | 1,287,062 | 12% |
| OPERATING EXPENSES | (1,308,363) | (1,175,284) | 11% |
| OTHER OPERATING INCOME | 23,516 | 54,224 | (57%) |
| PROFIT FROM OPERATIONS | 159,726 | 166,002 | (4%) |
| FINANCE INCOME | 66,520 | 56,259 | 18% |
| FINANCE COSTS | (69,959) | (69,054) | 1% |
| SHARE OF PROFIT FROM ASSOCIATES | 29,858 | 84,964 | (65%) |
| SHARE OF PROFIT FROM JOINT VENTURES | 7,808 | 4,048 | 93% |
| PROFIT BEFORE TAX | 193,953 | 242,219 | (20%) |
| INCOME TAX EXPENSE | (27,056) | (26,453) | 2% |
| PROFIT FOR THE PERIOD | 166,897 | 215,766 | (23%) |
| ATTRIBUTABLE TO: | | | |
| - OWNERS OF THE PARENT | 145,308 | 199,438 | (27%) |
| - NON-CONTROLLING INTERESTS | 21,589 | 16,328 | 32% |
| | 166,897 | 215,766 | (23%) |
| EARNINGS PER SHARE | | | |
| (i) BASIC (sen) | 2.99 | 4.09 | (27%) |
| (ii) DILUTED (sen) | 2.99 | 4.09 | (27%) |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

| | CURRENT QUARTER 30/9/2018 RM'000 | IMMEDIATE PRECEDING QUARTER 30/6/2018 RM'000 |
|---|---|--|
| PROFIT FOR THE PERIOD | 166,897 | 215,766 |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS | | |
| FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION | (5,191) | (27,603) |
| CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS | | |
| - FAIR VALUE OF DERIVATIVES | (37,723) | (71,216) |
| - AMOUNT RECYCLED TO PROFIT OR LOSS | 35,274 | 66,388 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | <u>(7,640)</u> | <u>(32,431)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>159,257</u> | <u>183,335</u> |
| ATTRIBUTABLE TO: | | |
| - OWNERS OF THE PARENT | 136,646 | 166,166 |
| - NON-CONTROLLING INTERESTS | <u>22,611</u> | <u>17,169</u> |
| | <u>159,257</u> | <u>183,335</u> |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

| | AS AT END OF CURRENT QUARTER 30/9/2018 RM'000 | AS AT PRECEDING FINANCIAL PERIOD END 31/12/2017 RM'000 (RESTATED) | 1/1/2017 RM'000 (RESTATED) |
|---|--|---|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2,256,684 | 2,050,494 | 1,879,929 |
| Intangible assets | 18,054 | 15,381 | 32,811 |
| Investment properties | 3,075,085 | 2,856,760 | 2,798,405 |
| Land held for property development | 1,802,876 | 1,682,127 | 1,191,512 |
| Investment in associates | 1,982,381 | 1,889,499 | 1,728,879 |
| Investment in joint ventures | 1,116,414 | 1,635,530 | 1,500,604 |
| Goodwill | 312,161 | 311,842 | 311,840 |
| Deferred tax assets | 105,037 | 100,828 | 70,758 |
| Receivables | 332,056 | 245,959 | 49,760 |
| Derivative assets | 5 | 34,181 | 164,711 |
| Rock reserves | 5,935 | 6,131 | 6,394 |
| Other investments | 77,030 | 813 | 476 |
| Biological assets | 332 | 616 | 825 |
| | 11,084,050 | 10,830,161 | 9,736,904 |
| Current assets | | | |
| Properties development costs | 988,062 | 1,026,242 | 1,170,163 |
| Inventories | 755,074 | 681,339 | 669,965 |
| Receivables, deposits & prepayments | 2,901,261 | 2,806,774 | 2,707,566 |
| Cash and bank balances, and placement in funds | 5,290,035 | 4,426,632 | 4,080,055 |
| Tax recoverable | 63,846 | 57,504 | 39,085 |
| Derivative assets | 72,807 | 68,378 | 342,944 |
| | 10,071,085 | 9,066,869 | 9,009,778 |
| Assets of disposal group classified as held for sale | - | 294,283 | - |
| TOTAL ASSETS | 21,155,135 | 20,191,313 | 18,746,682 |
| EQUITY AND LIABILITIES | | | |
| Current liabilities | | | |
| Payables, accruals & other current liabilities | 2,753,818 | 2,980,202 | 2,630,723 |
| Bank borrowings | 6,007,788 | 4,911,049 | 4,860,045 |
| Taxation | 45,715 | 24,895 | 30,616 |
| Derivative liabilities | 9,465 | 48,315 | 5,560 |
| | 8,816,786 | 7,964,461 | 7,526,944 |
| Non-current liabilities | | | |
| Long term bank borrowings | 3,027,580 | 3,348,344 | 2,553,122 |
| Other long term liabilities | 320,385 | 279,867 | 340,183 |
| Derivative liabilities | - | 4,496 | 3,644 |
| Deferred taxation | 134,365 | 121,331 | 94,561 |
| | 3,482,330 | 3,754,038 | 2,991,510 |
| Total liabilities | 12,299,116 | 11,718,499 | 10,518,454 |
| Equity attributable to Owners of the Parent | | | |
| Share capital | 5,379,346 | 5,370,606 | 2,063,067 |
| Share premium | - | - | 3,118,802 |
| Treasury shares | (128,646) | (63,817) | (120,532) |
| Perpetual bonds | 200,000 | - | - |
| Reserves | 2,779,073 | 2,525,300 | 2,404,400 |
| | 8,229,773 | 7,832,089 | 7,465,737 |
| NON-CONTROLLING INTERESTS | 626,246 | 640,725 | 762,492 |
| Total equity | 8,856,019 | 8,472,814 | 8,228,229 |
| TOTAL EQUITY AND LIABILITIES | 21,155,135 | 20,191,313 | 18,746,682 |
| Number of ordinary shares ('000) | 4,924,339 | 4,918,491 | 4,813,823 * |
| Net Assets Per Share Attributable To Owners Of The Parent (RM) | 1.67 | 1.59 | 1.55 |

* On 6 October 2017, the Company issued bonus shares on a basis of four (4) bonus shares for every three (3) existing Sunway Shares held. The number of ordinary shares as at 31 December 2016 was therefore adjusted on the same basis for comparative purposes. The Company had 2,063,067,000 ordinary shares as at 31 December 2016 before adjustment.

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 921551-D)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

| | ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | | | | | | | | TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | NON- CONTROLLING INTERESTS | TOTAL EQUITY |
|---|--------------------------------------|------------------|--------------------|--------------------|-------------------------------|--------------------------------|----------------------------|------------------|------------------------------------|-------------------|---------------------|-------------------|--|----------------------------------|-----------------|
| | NON-DISTRIBUTABLE | | | | DISTRIBUTABLE | | | | | | | | | | |
| | SHARE CAPITAL | SHARE PREMIUM | TREASURY SHARES | PERPETUAL BONDS | NEGATIVE MERGER RESERVE | FOREIGN EXCHANGE RESERVE | SHARE OPTION RESERVE | HEDGE RESERVE | FURNITURE & FITTINGS RESERVE | OTHER RESERVES | RETAINED PROFITS | TOTAL RESERVES | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PERIOD ENDED 30 SEPTEMBER 2018 | | | | | | | | | | | | | | | |
| At 1 January 2018 | 5,370,606 | - | (63,817) | - | (1,192,040) | 113,046 | 10,596 | (17,854) | 12,536 | 221,573 | 3,389,489 | 2,537,346 | 7,844,135 | 643,326 | 8,487,461 |
| Effects of adopting MFRS 1 * | - | - | - | - | - | - | - | - | - | - | (12,047) | (12,047) | (12,047) | (2,601) | (14,648) |
| At 1 January 2018 | 5,370,606 | - | (63,817) | - | (1,192,040) | 113,046 | 10,596 | (17,854) | 12,536 | 221,573 | 3,377,442 | 2,525,299 | 7,832,088 | 640,725 | 8,472,813 |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | 466,669 | 466,669 | 466,669 | 53,480 | 520,149 |
| Other comprehensive income | - | - | - | - | - | (63,038) | - | (2,140) | - | - | - | (65,178) | (65,178) | 601 | (64,577) |
| Total comprehensive income | - | - | - | - | - | (63,038) | - | (2,140) | - | - | 466,669 | 401,491 | 401,491 | 54,081 | 455,572 |
| Issuance of ordinary shares pursuant to | | | | | | | | | | | | | | | |
| - exercise of ESOS | 8,737 | - | - | - | - | - | (1,874) | - | - | - | - | (1,874) | 6,863 | - | 6,863 |
| - exercise of warrants | 3 ^ | - | - | - | - | - | - | - | - | - | - | - | 3 | - | 3 |
| Purchase of treasury shares during the year | - | - | (64,829) | - | - | - | - | - | - | - | - | - | (64,829) | - | (64,829) |
| Dividends declared | - | - | - | - | - | - | - | - | - | - | (146,367) | (146,367) | (146,367) | - | (146,367) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | (60,968) | (60,968) |
| Acquisition of equity interest from non-controlling interest | - | - | - | - | - | - | - | - | - | - | 534 | 534 | 534 | (7,588) | (7,054) |
| Transfer to statutory reserve | - | - | - | - | - | - | - | - | - | 355 | (351) | 4 | 4 | (4) | - |
| Transfer to furniture & fittings reserve | - | - | - | - | - | - | - | - | 140 | - | (140) | - | - | - | - |
| Issuance of perpetual bonds | - | - | - | 200,000 | - | - | - | - | - | - | - | - | 200,000 | - | 200,000 |
| At 30 September 2018 | 5,379,346 | - | (128,646) | 200,000 | (1,192,040) | 50,008 | 8,722 | (19,994) | 12,676 | 221,914 | 3,697,787 | 2,779,073 | 8,229,773 | 626,246 | 8,856,019 |
| ^ Represents 202 warrants amounting to RM376. | | | | | | | | | | | | | | | |
| PERIOD ENDED 30 SEPTEMBER 2017 | | | | | | | | | | | | | | | |
| At 1 January 2017 | 2,063,067 | 3,118,802 | (120,532) | - | (1,192,040) | 145,649 | 63,987 | (21,794) | 8,370 | 243,299 | 3,160,914 | 2,356,731 | 7,469,722 | 763,508 | 8,233,230 |
| Effects of adopting MFRS 1 * | - | - | - | - | - | - | - | - | - | - | (3,985) | (3,985) | (3,985) | (1,016) | (5,001) |
| At 1 January 2017 | 2,063,067 | 3,118,802 | (120,532) | - | (1,192,040) | 145,649 | 63,987 | (21,794) | 8,370 | 243,299 | 3,156,929 | 2,352,746 | 7,465,737 | 762,492 | 8,228,229 |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | 447,949 | 447,949 | 447,949 | 69,995 | 517,944 |
| Other comprehensive income | - | - | - | - | - | 733 | - | 3,237 | - | - | - | 3,970 | 3,970 | 6,759 | 10,729 |
| Total comprehensive income | - | - | - | - | - | 733 | - | 3,237 | - | - | 447,949 | 451,919 | 451,919 | 76,754 | 528,673 |
| Issuance of ordinary shares pursuant to | | | | | | | | | | | | | | | |
| - exercise of ESOS | 187,788 | 383 | - | - | - | - | (44,610) | - | - | - | - | (44,610) | 143,561 | 3,146 | 146,707 |
| Purchase of treasury shares during the year | - | - | (580) | - | - | - | - | - | - | - | - | - | (580) | - | (580) |
| Share buy back by a subsidiary | - | - | - | - | - | - | - | - | - | - | (580) | (580) | (580) | (713) | (1,293) |
| Dividends declared | - | - | 63,676 | - | - | - | - | - | - | - | (144,827) | (144,827) | (81,151) | - | (81,151) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | (34,965) | (34,965) |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | 400 | 400 |
| Share acquired by non-controlling interests | - | - | - | - | - | - | - | - | - | - | (6,101) | (6,101) | (6,101) | 3,227 | (2,874) |
| Redemption of redeemable preference shares | - | - | - | - | - | - | - | - | - | 142 | (342) | (200) | (200) | (1,900) | (2,100) |
| Transfer to furniture & fittings reserve | - | - | - | - | - | - | - | - | 1,827 | - | (1,827) | - | - | - | - |
| At 30 September 2017 | 2,250,855 | 3,119,185 | (57,436) | - | (1,192,040) | 146,382 | 19,377 | (18,557) | 10,197 | 243,441 | 3,451,201 | 2,608,347 | 7,972,605 | 808,441 | 8,781,046 |
| * Effects of adopting MFRS 1 includes the effects of adopting MFRS 9 and MFRS 15 | | | | | | | | | | | | | | | |
| (The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.) | | | | | | | | | | | | | | | |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

| | FOR THE 9 MONTHS PERIOD ENDED 30/9/2018 RM'000 | FOR THE 9 MONTHS PERIOD ENDED 30/09/2017 RM'000 (RESTATED) |
|--|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 597,061 | 610,688 |
| Adjustments for: | | |
| - non-cash items | (34,293) | (90,761) |
| - finance costs | 201,576 | 174,503 |
| - finance income | (177,714) | (142,735) |
| Operating cash flows before working capital changes | 586,630 | 551,695 |
| Changes in working capital | (222,525) | (190,192) |
| Cash flow generated from operations | 364,105 | 361,503 |
| Interest received | 177,714 | 142,735 |
| Dividend received from joint ventures and associates | 95,107 | 84,106 |
| Tax refunded | 6,106 | 1,376 |
| Tax paid | (61,730) | (89,964) |
| Net cash flow generated from operating activities | 581,302 | 499,756 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment, and biological assets | 9,090 | 12,476 |
| Proceeds from disposal of non-current assets held for sale | 306,000 | - |
| Proceeds from disposal of joint venture | 119,075 | - |
| Acquisition of other investment | (76,272) | - |
| Acquisition of land | (255,220) | (82,376) |
| Acquisition of property, plant and equipment, and biological assets | (381,665) | (296,099) |
| Acquisition of intangible assets | (8,364) | (5,668) |
| Acquisition of equity interest from non-controlling interest | (7,022) | - |
| Acquisition and subsequent expenditure of investment properties | (50,180) | (104,285) |
| Additional shares acquired by non-controlling interest | - | 300 |
| Investment in joint ventures | (51,805) | (500) |
| Investment in associates | (81,826) | (3,522) |
| Repayment from associates and joint ventures | (187,741) | 156,083 |
| Repayment of quasi loan advances from joint venture | 452,585 | - |
| Net cash generated used in investing activities | (213,345) | (323,591) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net bank and other borrowings | 750,060 | 1,071,534 |
| Issue of ordinary shares pursuant to exercise of warrants | 3 | - |
| Redemption of preference shares held by minority shareholders in subsidiary companies | - | (2,100) |
| Interest paid | (201,576) | (174,503) |
| Proceeds from issue of shares from exercise of ESOS | 6,863 | 146,707 |
| Shares buyback | (64,829) | (580) |
| Dividend paid to shareholders | (146,367) | (80,866) |
| Dividend paid to non-controlling interests of subsidiaries | (60,968) | (34,965) |
| Advances from non-controlling interests of subsidiaries | 2,000 | - |
| Issuance of perpetual bonds | 200,000 | - |
| Net cash generated from financing activities | 485,186 | 925,227 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 853,143 | 1,101,392 |
| EFFECTS OF EXCHANGE RATE CHANGES | (7,034) | (2,491) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 2,251,158 | 1,824,156 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 3,097,267 | 2,923,057 |
| Bank overdrafts | 144,771 | 121,752 |
| Short-term investments | 2,047,997 | 2,184,588 |
| Cash and bank balances, and placement in funds | 5,290,035 | 5,229,397 |
| (The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.) | | |

NOTES TO FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial period ending 30 September 2018.

The interim financial report is unaudited and is prepared in accordance with MFRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2017 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2018, as disclosed below:

| | |
|---------------------------|---|
| MFRS 9 | Financial Instruments (IFRS 9 as issued by IASB in July 2014) |
| MFRS 15 | Revenue from Contracts with Customers |
| Amendments to MFRS 1 | Annual Improvements to MFRS Standards 2014 - 2016 Cycle |
| Amendments to MFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to MFRS 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts |
| Amendments to MFRS 128 | Annual Improvements to MFRS Standards 2014 - 2016 Cycle |
| Amendments to MFRS 140 | Transfers of Investment Property |
| Clarifications to MFRS 15 | |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |

A2 First-time Adoption of MFRS

(i) Transition from Financial Reporting Standards (FRSs) to MFRS

The Company, in its consolidated financial statements, measured the assets and liabilities of subsidiaries at the same carrying amounts as in the financial statements of these subsidiaries that have adopted the MFRS framework or International Financial Reporting Standards (IFRS) earlier than the Company, after adjusting for consolidation adjustments.

The effects of first-time adoption of MFRS are primarily from the following:

MFRS 15 - Revenue from Contracts with Customers

The effects of MFRS 15 arise mainly due to the changes to the timing of revenue recognition for the property development activities of the Group. The financial effects are presented in Note A2(ii), (iii) and (iv) below.

MFRS 9 - Financial Instruments

MFRS 9 introduces the expected credit losses (%ECL+) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

(i) Transition from Financial Reporting Standards (FRSs) to MFRS (contd.)

MFRS 9 - Financial Instruments (contd.)

As a result, the total ECL allowances computed under MFRS 9 is higher than the total allowance for impairment under MFRS 139 as a more forward looking approach is adopted. The financial effects are presented in Note A2(ii), (iii) and (iv) below.

(ii) Reconciliation of profit or loss

| | Individual quarter ended 30 September 2017 | | | Cumulative quarter ended 30 September 2017 | | |
|-------------------------------------|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| Revenue | 1,319,642 | (36,685) | 1,282,957 | 3,651,936 | (39,724) | 3,612,212 |
| Operating expenses | (1,192,021) | 29,114 | (1,162,907) | (3,255,693) | 29,535 | (3,226,158) |
| Other operating income | 25,943 | - | 25,943 | 67,977 | - | 67,977 |
| Profit from operations | 153,564 | (7,571) | 145,993 | 464,220 | (10,189) | 454,031 |
| Finance income | 56,198 | - | 56,198 | 142,735 | - | 142,735 |
| Finance cost | (62,492) | - | (62,492) | (174,503) | - | (174,503) |
| Share of profit from associates | 29,908 | - | 29,908 | 139,851 | - | 139,851 |
| Share of profit from joint ventures | 19,561 | (229) | 19,332 | 49,001 | (427) | 48,574 |
| Profit before tax | 196,739 | (7,800) | 188,939 | 621,304 | (10,616) | 610,688 |
| Income tax expense | (28,960) | 1,573 | (27,387) | (94,457) | 1,713 | (92,744) |
| Profit after tax | 167,779 | (6,227) | 161,552 | 526,847 | (8,903) | 517,944 |
| Attributable to: | | | | | | |
| - Owners of the parent | 150,854 | (5,846) | 145,008 | 455,709 | (7,760) | 447,949 |
| - Non-controlling interests | 16,925 | (381) | 16,544 | 71,138 | (1,143) | 69,995 |
| | 167,779 | (6,227) | 161,552 | 526,847 | (8,903) | 517,944 |
| Earnings per share: | | | | | | |
| - Basic | 3.16 | | 3.04 | 9.53 | | 9.36 |
| - Diluted | 3.11 | | 3.02 | 9.36 | | 9.29 |

(iii) Reconciliation of comprehensive income

| | Individual quarter ended 30 September 2017 | | | Cumulative quarter ended 30 September 2017 | | |
|--|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| Profit for the period | 167,779 | (6,227) | 161,552 | 526,847 | (8,903) | 517,944 |
| Foreign currency translation differences for foreign operation | (6,668) | - | (6,668) | 7,492 | - | 7,492 |
| Cash flow hedge reserve | | | | | | |
| - Fair value of derivatives | 32,792 | - | 32,792 | 111,193 | - | 111,193 |
| - Amount recycled to profit or loss | (32,919) | - | (32,919) | (107,956) | - | (107,956) |
| Other comprehensive income to be reclassified to profit and loss in subsequent periods | (6,795) | - | (6,795) | 10,729 | - | 10,729 |
| Total comprehensive income for the period | 160,984 | (6,227) | 154,757 | 537,576 | (8,903) | 528,673 |

(iii) Reconciliation of comprehensive income (contd.)

| | Individual quarter ended 30 September 2017 | | | Cumulative quarter ended 30 September 2017 | | |
|-----------------------------|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| Attributable to: | | | | | | |
| - Owners of the parent | 144,356 | (5,846) | 138,510 | 459,679 | (7,760) | 451,919 |
| - Non-controlling interests | 16,628 | (381) | 16,247 | 77,897 | (1,143) | 76,754 |
| | <u>160,984</u> | <u>(6,227)</u> | <u>154,757</u> | <u>537,576</u> | <u>(8,903)</u> | <u>528,673</u> |

(iv) Reconciliation of financial position and equity

| | As at 1 January 2017 | | | As at 31 December 2017 | | |
|---|---|---|-------------------------------------|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| Non-current assets | | | | | | |
| Investments in joint venture | 1,501,055 | (451) | 1,500,604 | 1,637,047 | (1,517) | 1,635,530 |
| Other non-current assets | 8,236,300 | - | 8,236,300 | 9,194,631 | - | 9,194,631 |
| | <u>9,737,355</u> | <u>(451)</u> | <u>9,736,904</u> | <u>10,831,678</u> | <u>(1,517)</u> | <u>10,830,161</u> |
| Current assets | | | | | | |
| Property development costs | 1,171,286 | (1,123) | 1,170,163 | 1,033,371 | (7,129) | 1,026,242 |
| Receivables, deposits & prepayment | 2,711,263 | (3,697) | 2,707,566 | 2,814,542 | (7,768) | 2,806,774 |
| Other current assets | 5,132,049 | - | 5,132,049 | 5,233,853 | - | 5,233,853 |
| | <u>9,014,598</u> | <u>(4,820)</u> | <u>9,009,778</u> | <u>9,081,766</u> | <u>(14,897)</u> | <u>9,066,869</u> |
| Assets of disposal group classified as held for sale | - | - | - | 294,283 | - | 294,283 |
| TOTAL ASSETS | <u>18,751,953</u> | <u>(5,271)</u> | <u>18,746,682</u> | <u>20,207,727</u> | <u>(16,414)</u> | <u>20,191,313</u> |
| Current liabilities | | | | | | |
| Taxation | 30,885 | (269) | 30,616 | 26,662 | (1,767) | 24,895 |
| Other current liabilities | 7,496,328 | - | 7,496,328 | 7,939,566 | - | 7,939,566 |
| | <u>7,527,213</u> | <u>(269)</u> | <u>7,526,944</u> | <u>7,966,228</u> | <u>(1,767)</u> | <u>7,964,461</u> |
| Non-current liabilities | 2,991,510 | - | 2,991,510 | 3,754,038 | - | 3,754,038 |
| Total liabilities | <u>10,518,723</u> | <u>(269)</u> | <u>10,518,454</u> | <u>11,720,266</u> | <u>(1,767)</u> | <u>11,718,499</u> |
| Equity attributable to Owners of the Parent | | | | | | |
| Share capital | 2,063,067 | - | 2,063,067 | 5,370,606 | - | 5,370,606 |
| Share premium | 3,118,802 | - | 3,118,802 | - | - | - |
| Treasury shares | (120,532) | - | (120,532) | (63,817) | - | (63,817) |
| Equity contribution from non- Reserves | 51,654 | - | 51,654 | 51,654 | - | 51,654 |
| | <u>2,356,731</u> | <u>(3,985)</u> | <u>2,352,746</u> | <u>2,485,692</u> | <u>(12,046)</u> | <u>2,473,646</u> |
| | 7,469,722 | (3,985) | 7,465,737 | 7,844,135 | (12,046) | 7,832,089 |
| Non-controlling interest | 763,508 | (1,016) | 762,492 | 643,326 | (2,601) | 640,725 |
| Total equity | <u>8,233,230</u> | <u>(5,001)</u> | <u>8,228,229</u> | <u>8,487,461</u> | <u>(14,647)</u> | <u>8,472,814</u> |
| TOTAL LIABILITIES AND EQUITY | <u>18,751,953</u> | <u>(5,271)</u> | <u>18,746,682</u> | <u>20,207,727</u> | <u>(16,414)</u> | <u>20,191,313</u> |
| Net Assets Per Share Attributable To Owners Of The Parent (RM) | 1.55 | | 1.55 | 1.59 | | 1.59 |

(v) Reconciliation of cash flows

| | 9 months ended 30 September 2017 | | |
|---|---|---|-------------------------------------|
| | Previously stated under FRS RM'000 | Effects of transition to MFRS RM'000 | Restated under MFRS RM'000 |
| | | | |
| Profit before tax | 621,304 | (10,616) | 610,688 |
| Adjustments for: | | | |
| - non-cash items | (101,377) | 10,616 | (90,761) |
| - finance costs | 174,503 | - | 174,503 |
| - finance income | (142,735) | - | (142,735) |
| Operating cash flows before | 551,695 | - | 551,695 |
| Changes in working capital | (190,192) | - | (190,192) |
| Cash flow generated from/(used in) operations | 361,503 | - | 361,503 |
| Interest received | 142,735 | - | 142,735 |
| Dividend received from joint | 84,106 | - | 84,106 |
| Tax refunded | 1,376 | - | 1,376 |
| Tax paid | (89,964) | - | (89,964) |
| Net cash flow generated from/(used in) operating activities | 499,756 | - | 499,756 |
| Cash flows from investing activities | (323,591) | - | (323,591) |
| Cash flows from financing activities | 925,227 | - | 925,227 |
| Net decrease in cash and cash equivalents | 1,101,392 | - | 1,101,392 |
| Effects of exchange rate changes | (2,491) | - | (2,491) |
| Cash and cash equivalents at beginning of period | 1,824,156 | - | 1,824,156 |
| Cash and cash equivalents at end of period | 2,923,057 | - | 2,923,057 |

A3 Report of the Auditors

The report of the auditors of preceding annual financial statements was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors except for the leisure and hospitality segments which normally peaks during major festive seasons and holidays.

A5 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 September 2018.

A6 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 September 2018.

A7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

During the financial period ended 30 September 2018, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 5,847,655 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme;
- (b) the repurchase of equity securities of 41,829,300 ordinary shares, at an average price of RM1.55 per share, and
- (c) issuance of 202 ordinary shares pursuant to the exercise of warrants.

Save for the above, there was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period under review.

A8 Dividend Paid

Dividend payments made since the last financial year end are as follows:

RM146,367,485 was paid on 26 April 2018 as second interim dividend of 3 sen per ordinary share for the financial year ended 31 December 2017.

RM170,125,390 was paid on 18 October 2018 as first interim dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2018.

A9 Segmental Reporting

Segmental results for the financial period ended 30 September 2018 are as follows:

| | Property Development RM'000 | Property Investment Division RM'000 | Construction RM'000 | Trading and Manufacturing RM'000 | Quarry RM'000 | Investment Holdings RM'000 | Others RM'000 | Consolidated RM'000 |
|--------------------------------------|-----------------------------------|--|------------------------|--|------------------|----------------------------------|------------------|------------------------|
| BY BUSINESS SEGMENTS | | | | | | | | |
| REVENUE AND EXPENSES | | | | | | | | |
| Total revenue | 586,244 | 793,518 | 2,243,260 | 977,863 | 174,829 | 1,487,914 | 632,378 | 6,896,006 |
| Inter-company sales | (170,485) | (119,053) | (884,504) | (116,305) | (10,662) | (1,484,495) | (70,419) | (2,855,923) |
| External sales | 415,759 | 674,465 | 1,358,756 | 861,558 | 164,167 | 3,419 | 561,959 | 4,040,083 |
| Results | | | | | | | | |
| Operating segment results | 95,508 | 173,611 | 132,665 | 47,944 | 8,136 | (60,522) | 58,423 | 455,765 |
| Finance income | 19,952 | 4,952 | 12,903 | 1,525 | 87 | 119,213 | 19,082 | 177,714 |
| Finance costs | (14,101) | (120,995) | (5,848) | (10,329) | (1,849) | (36,088) | (12,366) | (201,576) |
| Share of results of: | | | | | | | | |
| - associated companies | - | 141,794 | - | - | - | - | 533 | 142,327 |
| - joint ventures | 9,713 | 13,396 | (278) | - | - | - | - | 22,831 |
| Profit before taxation | 111,072 | 212,758 | 139,442 | 39,140 | 6,374 | 22,603 | 65,672 | 597,061 |
| Taxation | (13,386) | (28,763) | (29,228) | (7,546) | (671) | 10,111 | (7,429) | (76,912) |
| Profit for the period | 97,686 | 183,995 | 110,214 | 31,594 | 5,703 | 32,714 | 58,243 | 520,149 |
| Non controlling interests | (3,407) | (2,785) | (50,262) | (2,939) | (124) | 6,180 | (143) | (53,480) |
| Attributable to owners of the parent | 94,279 | 181,210 | 59,952 | 28,655 | 5,579 | 38,894 | 58,100 | 466,669 |
| | | | | | | | | |

| | Revenue RM'000 | Profit before tax RM'000 | Profit after tax RM'000 | Attributable to owners of the parent RM'000 |
|---------------------------------|-------------------|--------------------------------|----------------------------|--|
| BY GEOGRAPHICAL SEGMENTS | | | | |
| Malaysia | 3,623,788 | 534,630 | 463,188 | 416,995 |
| Singapore | 133,177 | 48,121 | 46,182 | 44,185 |
| China | 169,277 | 53 | (829) | (2,515) |
| India | - | (460) | (460) | (314) |
| Australia | 30,703 | 4,541 | 2,747 | 982 |
| United Arab Emirates | - | 379 | 379 | 190 |
| Other Countries | 83,138 | 9,797 | 8,942 | 7,146 |
| | 4,040,083 | 597,061 | 520,149 | 466,669 |
| | | | | |

Segmental results by foreign currency for the financial period ended 30 September 2018 are as follows:

PROPERTY DEVELOPMENT SEGMENT:

| | Foreign currency | | | | RM'000 | | | |
|-------------------------------|------------------|-------------------|------------------|--------------------------------------|---------|-------------------|------------------|--------------------------------------|
| | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | 403,318 | 72,623 | 60,699 | 59,031 | 403,318 | 72,623 | 60,699 | 59,031 |
| Australian Dollar (AUD'000) | 1,313 | 1,514 | 1,052 | 473 | 3,968 | 4,577 | 3,181 | 1,431 |
| Hong Kong Dollar (HKD'000) | - | (2,503) | (2,631) | (2,631) | - | (1,277) | (1,342) | (1,342) |
| India Rupee (INR'000) | - | (437) | (437) | (437) | - | (26) | (26) | (26) |
| China Yuan Renminbi (RMB'000) | 13,836 | (10,291) | (10,291) | (10,291) | 8,473 | (6,302) | (6,302) | (6,302) |
| Singapore Dollar (SGD'000) | - | 13,901 | 13,900 | 13,900 | - | 41,504 | 41,503 | 41,503 |
| US Dollar (USD'000) | - | (7) | (7) | (4) | - | (27) | (27) | (16) |
| | | | | | 415,759 | 111,072 | 97,686 | 94,279 |

PROPERTY INVESTMENT DIVISION SEGMENT:

| | Foreign currency | | | | RM'000 | | | |
|----------------------------|------------------|-------------------|------------------|--------------------------------------|---------|-------------------|------------------|--------------------------------------|
| | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | 659,145 | 214,215 | 185,583 | 182,865 | 659,145 | 214,215 | 185,583 | 182,865 |
| Hong Kong Dollar (HKD'000) | - | (71) | (71) | (71) | - | (36) | (36) | (36) |
| US Dollar (USD'000) | 2,360 | 68 | 35 | 19 | 9,434 | 272 | 141 | 74 |
| Vietnam Dong (VND'000,000) | 33,817 | (9,727) | (9,727) | (9,727) | 5,886 | (1,693) | (1,693) | (1,693) |
| | | | | | 674,465 | 212,758 | 183,995 | 181,210 |

CONSTRUCTION SEGMENT:

| | Foreign currency | | | | RM'000 | | | |
|---------------------------------------|------------------|-------------------|------------------|--------------------------------------|-----------|-------------------|------------------|--------------------------------------|
| | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | 1,255,704 | 130,304 | 101,954 | 55,473 | 1,255,704 | 130,304 | 101,954 | 55,473 |
| United Arab Emirates Dirham (AED'000) | - | 344 | 344 | 173 | - | 379 | 379 | 190 |
| India Rupee (INR'000) | - | (5,375) | (5,375) | (2,923) | - | (320) | (320) | (174) |
| Singapore Dollar (SGD'000) | 34,515 | 1,762 | 1,468 | 799 | 103,052 | 5,261 | 4,383 | 2,385 |
| Trinidad & Tobago Dollar (TTD'000) | - | 6,360 | 6,360 | 3,461 | - | 3,818 | 3,818 | 2,078 |
| | | | | | 1,358,756 | 139,442 | 110,214 | 59,952 |

TRADING & MANUFACTURING SEGMENT:

| | Foreign currency | | | | RM'000 | | | |
|--------------------------------|------------------|-------------------|------------------|--------------------------------------|---------|-------------------|------------------|--------------------------------------|
| | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | 623,463 | 23,830 | 19,545 | 18,310 | 623,463 | 23,830 | 19,545 | 18,310 |
| Australian Dollar (AUD'000) | 8,845 | (7) | (139) | (147) | 26,735 | (22) | (419) | (443) |
| Indonesia Rupiah (IDR'000,000) | 158,178 | 17,661 | 15,540 | 15,540 | 44,817 | 5,004 | 4,403 | 4,403 |
| China Yuan Renminbi (RMB'000) | 185,201 | 10,854 | 9,688 | 6,945 | 113,417 | 6,647 | 5,933 | 4,253 |
| Singapore Dollar (SGD'000) | 10,090 | 421 | 66 | 66 | 30,125 | 1,257 | 196 | 196 |
| Thai Baht (THB'000) | 184,767 | 19,472 | 15,552 | 15,552 | 23,001 | 2,424 | 1,936 | 1,936 |
| | | | | | 861,558 | 39,140 | 31,594 | 28,655 |

INVESTMENT HOLDING SEGMENT:

| | Foreign currency | | | | RM'000 | | | |
|-------------------------------|------------------|-------------------|------------------|--------------------------------------|---------|-------------------|------------------|--------------------------------------|
| | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | 3,419 | 20,757 | 30,918 | 37,126 | 3,419 | 20,757 | 30,918 | 37,126 |
| Hong Kong Dollar (HKD'000) | - | 5,640 | 5,542 | 5,487 | - | 2,877 | 2,827 | 2,799 |
| China Yuan Renminbi (RMB'000) | - | (1,684) | (1,684) | (1,684) | - | (1,031) | (1,031) | (1,031) |
| | | | | | 3,419 | 22,603 | 32,714 | 38,894 |

OTHERS SEGMENT:

| | Foreign currency | | | | RM'000 | | | |
|-------------------------------|------------------|-------------------|------------------|--------------------------------------|---------|-------------------|------------------|--------------------------------------|
| | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | 514,572 | 66,545 | 59,169 | 59,004 | 514,572 | 66,545 | 59,169 | 59,004 |
| China Yuan Renminbi (RMB'000) | 77,379 | (1,404) | (1,491) | (1,455) | 47,387 | (860) | (913) | (891) |
| | | | | | 561,959 | 65,672 | 58,243 | 58,100 |

The quarry segment is denominated entirely in Malaysian Ringgit.

Segmental assets and liabilities for the financial period ended 30 September 2018 are as follows:

| | Property Development RM'000 | Property Investment Division RM'000 | Construction RM'000 | Trading and Manufacturing RM'000 | Quarry RM'000 | Investment Holdings RM'000 | Others RM'000 | Consolidated RM'000 |
|------------------------------|-----------------------------------|--|------------------------|--|------------------|----------------------------------|------------------|------------------------|
| Assets | | | | | | | | |
| Segment assets | 4,789,421 | 4,145,947 | 1,770,864 | 991,525 | 164,420 | 4,186,070 | 1,839,210 | 17,887,457 |
| Investment in associates | 13 | 1,922,105 | - | 269 | - | - | 59,994 | 1,982,381 |
| Investment in joint ventures | 959,223 | 113,301 | 43,890 | - | - | - | - | 1,116,414 |
| Unallocated assets | | | | | | | | 168,883 |
| Total assets | | | | | | | | 21,155,135 |
| Liabilities | | | | | | | | |
| Segment liabilities | 939,715 | 951,049 | 1,214,813 | 328,708 | 43,533 | 7,741,128 | 900,090 | 12,119,036 |
| Unallocated liabilities | | | | | | | | 180,080 |
| Total liabilities | | | | | | | | 12,299,116 |

A10 Foreign Currency Rates

The foreign currency exchange rates used are as follows:

| Denomination | Closing rate | Average rate |
|-----------------------------|--------------|--------------|
| United Arab Emirates Dirham | 1.1306 | 1.1003 |
| Australian Dollar | 2.9952 | 3.0227 |
| Hong Kong Dollar | 0.5308 | 0.5101 |
| Indonesia Rupiah ('000) | 0.2780 | 0.2833 |
| India Rupee | 0.0572 | 0.0595 |
| Japanese Yen | 0.0367 | 0.0366 |
| China Yuan Renminbi | 0.6026 | 0.6124 |
| Singapore Dollar | 3.0389 | 2.9857 |
| Thai Baht | 0.1280 | 0.1245 |
| US Dollar | 4.1490 | 3.9978 |
| Vietnam Dong ('000) | 0.1777 | 0.1741 |

Income and expenses are translated at the average rate whereas the assets and liabilities are translated at the closing rate.

A11 Valuation of Property, Plant and Equipment and Investment Properties

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

A12 Material events

There were no material events subsequent to the current quarter ended 30 September 2018.

A13 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter ended 30 September 2018.

A14 Contingent Liabilities and Assets

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

| | 30/9/2018 RM'000 | 31/12/2017 RM'000 |
|---|---------------------|----------------------|
| Guarantees given to third parties in respect of contracts and trade performance | <u>808,767</u> | <u>796,322</u> |

There were no other material changes in contingent liabilities since the last annual reporting date.
There were no contingent assets.

A15 Commitments

(a) Capital commitment not provided for in the financial year as at 30 September 2018 is as follows:

| | 30/9/2018 RM'000 | 31/12/2017 RM'000 |
|--|---------------------|----------------------|
| Amount authorised and contracted for | 87,799 | 427,723 |
| Amount authorised but not contracted for | <u>156,194</u> | <u>298,665</u> |
| | <u>243,993</u> | <u>726,388</u> |

(b) Operating lease commitment not provided for in the financial year as at 30 September 2018 is as follows:

| | 30/9/2018 RM'000 | 31/12/2017 RM'000 |
|--|---------------------|----------------------|
| Future minimum lease payment: | | |
| - not later than 1 year | 103,221 | 92,007 |
| - later than 1 year and not later than 5 years | 221,883 | 228,656 |
| - later than 5 years | <u>67,939</u> | <u>40,759</u> |
| | <u>393,043</u> | <u>361,422</u> |
| Future minimum lease receipts: | | |
| - not later than 1 year | 81,467 | 80,060 |
| - later than 1 year and not later than 5 years | 338,038 | 317,675 |
| - later than 5 years | <u>806,987</u> | <u>801,957</u> |
| | <u>1,226,492</u> | <u>1,199,692</u> |

B1 Review of Performance

For the quarter

The Group recorded revenue of RM1,444.6 million and profit before tax of RM194.0 million for the current quarter ended 30 September 2018 compared to revenue of RM1,283.0 million and profit before tax of RM188.9 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 12.6% and profit before tax of 2.7%. Revenue was higher in the current quarter due to higher contributions from most business segments, while profit before tax was higher primarily due to higher contributions from the property development and construction segments. Profit before tax would have been higher by 32.9% compared to the corresponding quarter of the previous financial year if not for the adoption of MFRS 15 on one of the Group's Singapore and China property development projects, for which the Group can only recognise the development profits upon completion. The progressive profits of RM57.1 million from these projects, which could have been recognised in the current quarter under the progressive revenue recognition treatment, has to be deferred accordingly.

The property development segment reported revenue of RM194.8 million and profit before tax of RM40.9 million in the current quarter compared to revenue of RM125.5 million and profit before tax of RM31.3 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 55.1% and profit before tax of 30.5%. The higher performance in the current quarter was mainly due to higher sales and progress billings from local development projects, further boosted by the completion and handover of a local development project during the quarter. As mentioned above, profit before tax would have been higher by RM57.1 million (or 212.8% as compared to the corresponding quarter) if not for the adoption of MFRS 15.

The property investment segment reported revenue of RM237.8 million and profit before tax of RM54.6 million in the current quarter compared to revenue of RM225.4 million and profit before tax of RM58.1 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 5.5% and decrease in profit before tax of 6.0%. The increase in revenue in the current quarter was mainly due to additional contribution from new properties such as Sunway Velocity Hotel and Sunway Geo in Sunway South Quay, as well as improved contribution from Sunway Velocity Mall and the Group's theme parks. Profit before tax, however, was lower due to lower contribution from the other operations in the current quarter.

The construction segment recorded revenue of RM465.4 million and profit before tax of RM49.8 million in the current quarter compared to revenue of RM416.6 million and profit before tax of RM44.9 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 11.7% and profit before tax of 10.7%. The financial performance of the segment in the current quarter was better mainly due to higher progress billings from local construction projects.

The trading and manufacturing segment recorded revenue of RM296.9 million and profit before tax of RM14.2 million in the current quarter compared to revenue of RM292.9 million and profit before tax of RM15.3 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 1.3% and decrease in profit before tax of 7.3%. Although revenue was marginally higher in the current quarter, profit before tax was lower mainly due to lower contribution from the Winstar group of companies.

The quarry segment reported revenue of RM56.3 million and profit before tax of RM1.7 million in the current quarter compared to revenue of RM50.3 million and profit before tax of RM2.9 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 11.9% and decrease in profit before tax of 41.2%. The higher revenue in the current quarter was mainly due to higher average selling prices for aggregates and premix, as well as higher sales volume for aggregates. Profit before tax, however, was lower in the current quarter mainly due to lower operating margins.

The other segments recorded revenue of RM193.5 million and profit before tax of RM32.8 million in the current quarter compared to revenue of RM172.2 million and profit before tax of RM36.4 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 12.4% and decrease in profit before tax of 9.9%. Revenue was higher in the current quarter primarily due to higher contribution from the healthcare segment, while profit before tax was lower mainly due to lower operating margins in the building materials segment.

For 9 months period

The Group recorded revenue of RM4,040.1 million and profit before tax of RM597.1 million for the current 9 months period ended 30 September 2018 compared to revenue of RM3,612.2 million and profit before tax of RM610.7 million in the corresponding 9 months period ended 30 September 2017, representing an increase in revenue of 11.8% and decrease in profit before tax of 2.2%. The increase in revenue in the current period was contributed by all business segments, except property development. Current period profit before tax was lower, however, mainly due to lower profit contribution from the property development and building materials segments. Profit contribution from the property development segment was also impacted by the adoption of MFRS 15 on one of the Group's Singapore and China property development projects, as mentioned above. The Group's profit before tax in the current period would have been higher by RM85.4 million (or 11.8% as compared to the previous corresponding 9 months period) if not for the adoption of MFRS 15.

The Group, however, recorded profit after tax and minority interest (PATMI) of RM466.7 million for the current 9 months period ended 30 September 2018 compared to PATMI of RM447.9 million in the corresponding 9 months period ended 30 September 2017, representing an increase in PATMI of 4.2%. The higher PATMI was mainly due to the lower minority interest profit for some local property development projects in the current period. The Group PATMI would have been higher by 23.3% in the current period as compared to the previous corresponding 9 months period if not for the adoption of MFRS 15.

The property development segment reported revenue of RM415.8 million and profit before tax of RM111.1 million for the current 9 months period ended 30 September 2018 compared to revenue of RM536.9 million and profit before tax of RM134.6 million in the corresponding 9 months period ended 30 September 2017, representing a decrease in revenue of 22.6% and profit before tax of 17.5%. The lower financial performance was mainly due to lower progress billings from local development projects in the current period. Further, following the adoption of MFRS 15, as mentioned above, the progressive profits from one of the Group's Singapore and China property development projects totaling RM85.4 million in the current period can only be recognised upon completion. Profit before tax would have been higher by 46.0% compared to the previous corresponding 9 months period if not for the adoption of MFRS 15.

The property investment segment reported revenue of RM674.5 million and profit before tax of RM212.8 million for the current 9 months period ended 30 September 2018 compared to revenue of RM619.7 million and profit before tax of RM191.0 million in the corresponding 9 months period ended 30 September 2017, representing an increase in revenue of 8.8% and profit before tax of 11.4%. The higher revenue in the current period was mainly due to additional contribution from new properties such as Sunway Velocity Hotel and Sunway Geo in Sunway South Quay, as well as from the opening of additional room inventory at The Banjaran Hotsprings Retreat & Spa in Ipoh. Revenue was also boosted by higher contribution from Sunway Velocity Mall and the Group's theme park. Profit before tax was higher in line with the higher revenue, mainly attributable to the better performance registered by Sunway Velocity Mall as compared to the previous corresponding period.

The construction segment recorded revenue of RM1,358.8 million and profit before tax of RM139.4 million for the current 9 months period ended 30 September 2018 compared to revenue of RM1,044.4 million and profit before tax of RM131.6 million in the corresponding 9 months period ended 30 September 2017, representing an increase in revenue of 30.1% and profit before tax of 5.9%. Revenue was higher in the current period due to higher progress billings and lower intra-group eliminations. Profit before tax was higher in line with the higher revenue, but offset by lower profit contribution from the precast division.

The trading and manufacturing segment recorded revenue of RM861.6 million and profit before tax of RM39.1 million for the current 9 months period ended 30 September 2018 compared to revenue of RM764.1 million and profit before tax of RM37.2 million in the corresponding 9 months period ended 30 September 2017, representing an increase in revenue of 12.8% and profit before tax of 5.1%. The financial performance in the current period was higher mainly due to improved overall market condition and sentiment, which resulted in higher sales for the segment, both locally and overseas.

The quarry segment reported revenue of RM164.2 million and profit before tax of RM6.4 million for the current 9 months period ended 30 September 2018 compared to revenue of RM149.2 million and profit before tax of RM7.8 million in the corresponding 9 months period ended 30 September 2017, representing an increase in revenue of 10.1% and decrease in profit before tax of 18.3%. The higher revenue in the current period was mainly due to higher average selling prices for aggregates and premix. However, profit before tax was lower mainly due to lower operating margins.

The other segments recorded revenue of RM565.4 million and profit before tax of RM88.3 million for the current 9 months period ended 30 September 2018 compared to revenue of RM497.9 million and profit before tax of RM108.4 million in the corresponding 9 months period ended 30 September 2017, representing an increase in revenue of 13.5% and decrease in profit before tax of 18.5%. Revenue was higher in the current period mainly due to higher contributions from the healthcare and building materials segments. The lower profit before tax, however, was mainly attributable to lower operating margins in the building materials segment.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,444.6 million and profit before tax of RM194.0 million for the current quarter compared to revenue of RM1,287.1 million and profit before tax of RM242.2 million in the preceding quarter, representing an increase in revenue of 12.2% and decrease in profit before tax of 19.9%. The higher revenue in the current quarter was mainly due to higher contributions from most business segments, while profit before tax was lower mainly due to lower contributions from the property development segment in the current quarter, and the share of fair value gains from revaluation of Sunway REIT properties of RM59.2 million recorded in the preceding quarter.

The property development segment reported revenue of RM194.8 million and profit before tax of RM40.9 million for the current quarter compared to revenue of RM88.7 million and profit before tax of RM46.4 million in the preceding quarter, representing an increase in revenue of 119.6% and decrease in profit before tax of 11.9%. The increase in revenue in the current quarter was primarily due to higher progress billings for local development projects and the completion and handover of a local development project during the quarter. Profit before tax was lower, however, primarily due to the realisation of the foreign exchange gains from the accumulated profits arising from the Group's Singapore property development projects recorded in the preceding quarter. Profit before tax was also impacted by the adoption of MFRS 15, as mentioned above, as progressive profits of RM57.1 million could not be recognised in the current quarter, compared to RM28.3 million which could not be recognised in the preceding quarter.

The property investment segment reported revenue of RM237.8 million and profit before tax of RM54.6 million for the current quarter compared to revenue of RM216.7 million and profit before tax of RM102.5 million in the preceding quarter, representing an increase in revenue of 9.7% and decrease in profit before tax of 46.7%. The increase in revenue in the current quarter was primarily driven by higher contributions from the Group's theme parks, and higher occupancy at The Banjaran Hotsprings Retreat & Spa in Ipoh. However, profit before tax was lower as the profit in the preceding quarter was boosted by share of fair value gains from revaluation of Sunway REIT properties of RM59.2 million.

The construction segment recorded revenue of RM465.4 million and profit before tax of RM49.8 million for the current quarter compared to revenue of RM449.7 million and profit before tax of RM49.6 million in the preceding quarter, representing an increase in revenue of 3.5% and profit before tax of 0.4%. Revenue was higher in the current quarter mainly due to higher progress billings from local projects and lower intra-group elimination. However, current profit before tax remained flat due to higher intra-group elimination and lower contributions from the precast division.

The trading and manufacturing segment recorded revenue of RM296.9 million and profit before tax of RM14.2 million for the current quarter compared to revenue of RM286.4 million and profit before tax of RM13.4 million in the preceding quarter, representing an increase in revenue of 3.6% and profit before tax of 6.0%. Financial performance was better in the current quarter mainly due to better performance locally.

The quarry segment reported revenue of RM56.3 million and profit before tax of RM1.7 million for the current quarter compared to revenue of RM57.9 million and profit before tax of RM2.9 million in the preceding quarter, representing a decrease in revenue of 2.8% and profit before tax of 41.9%. The weaker performance of the segment in the current quarter was mainly due to lower sales volume for premix and lower operating margins.

The other segments recorded revenue of RM193.5 million and profit before tax of RM32.8 million for the current quarter compared to revenue of RM187.7 million and profit before tax of RM27.4 million in the preceding quarter, representing an increase in revenue of 3.1% and profit before tax of 19.7%. The higher revenue in the current quarter was mainly due to higher contribution from the healthcare segment. Profit before tax was higher in line with the higher revenue from the healthcare segment, combined with higher contribution from the Group's treasury operations in the current quarter.

B3 Prospects

The Group continued to perform well by registering a Group PATMI of RM466.7 million for the current 9 months period compared to RM447.9 million in the corresponding period of last year, representing an increase of 4.2%. The Group PATMI would have been higher by 23.3% in the current period compared to the previous corresponding period if not for the adoption of MFRS 15.

While the short term outlook is still clouded by the trade war between the United States and China, the domestic economy is expected to remain resilient, underpinned by recovering consumer and business confidence going forward. Barring any unforeseen circumstances, the Group will continue to deliver a satisfactory performance for the last quarter of this year.

B4 Variance of Actual Profit from Profit Forecast

The Company did not issue any profit forecast or profit guarantee during the current year under review.

B5 Taxation

The current taxation does not include the tax payable for the share of profit from associates and share of profit from joint ventures as the share of profit is recognised on an after tax basis.

| | Current Quarter Ended 30/9/2018 RM'000 | Cumulative Year To Date 30/9/2018 RM'000 |
|-------------------|---|---|
| Current taxation | (15,535) | (70,457) |
| Deferred taxation | (11,521) | (6,455) |
| | <u>(27,056)</u> | <u>(76,912)</u> |
| | | |

B6 Profit/(Loss) before Taxation

The following amounts have been included in arriving at profit/(loss) before taxation:

| | Current Quarter Ended 30/9/2018 RM'000 | Cumulative Year To Date 30/9/2018 RM'000 |
|--|---|---|
| Depreciation and amortisation | (40,044) | (113,865) |
| Net reversal/(provision) of impairment for: | | |
| - Trade receivables | (1,649) | (1,927) |
| - Inventories | (386) | (1,191) |
| - Advances to joint venture | (1,032) | (3,023) |
| Write off: | | |
| - Trade receivables | 1,207 | 221 |
| - Inventories | (90) | (181) |
| - Property, plant and equipment | (126) | (268) |
| Net gain on disposal of: | | |
| - property, plant and equipment | 150 | 1,103 |
| - non-current asset held for sale | - | 1,630 |
| Net foreign exchange gain/(loss): | | |
| - Others | (1,066) | 26,893 |
| - Unrealised for hedged items | (35,274) | (39,296) |
| Cash flow hedge reserve recycled to profit or loss | 35,274 | 39,296 |

B7 Status of Corporate Proposal Announced

There were no new corporate proposals announced but not completed as at the date of this report, except for the following:

B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.

Sunway Subang Sdn. Bhd. (~~the JVCo~~), a wholly-owned subsidiary of Sunway City Sdn. Bhd. (~~the SunCity~~), which in turn is a wholly-owned subsidiary of the Company, had on 19 February 2016, entered into the following Sale and Purchase Agreements (~~the SPAs~~) for the acquisition of the undermentioned parcels of leasehold land (60 years tenure) free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax) (~~the Proposed Property Acquisition~~):

| Vendors | Details of the lands | Purchase Consideration RM'000 |
|--|---|-------------------------------------|
| Sunway Serene Sdn. Bhd. ("SSSB") | Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres (the PT 7) | 12,500 |
| View2pick Sdn. Bhd. (the V2P) | Hakmilik H.S.(D) 113417, PT 8 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 0.9105 hectares (the PT 8) | 9,000 |
| Chen Yew Plastics Sdn. Bhd. (the CYP) | Hakmilik H.S.(M) 6476, PT 2049 in Mukim Sungai Buluh, Daerah Petaling, Negeri Selangor measuring approximately 2 acres together with buildings erected thereon (the PT 2049) | 11,225 |
| TOTAL | | 32,725 |

PT 7, PT 8 and PT 2049 shall collectively be referred to as ~~the Lands~~:

SunCity had on even date, entered into a Shareholders Agreement (~~the SA~~) with V2P for the purpose of establishing a joint venture via the JVCo to develop industrial properties on the Lands (~~the Development~~) as well as to regulate the relationship between SunCity and V2P with respect to the joint venture (~~the Proposed Joint Venture~~).

Salient terms of the SPAs include, inter-alia, the following:

Pursuant to the SPAs, the JVCo would acquire the Lands from SSSB, V2P and CYP free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax).

The SPA for PT 2049 is conditional upon, amongst others, CYP having obtained the State Authority's approval whether unconditionally or subject to conditions acceptable to the JVCo and the discharge of the charge over PT 2049.

B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)

The SPAs for PT 7 and PT 8 shall become unconditional when the following conditions have been fulfilled:

- (a) SSSB and CYP having obtained the State Authority's approval, whether unconditionally or subject to conditions acceptable to the JVCo;
- (b) the execution and fulfilment of the conditions precedent set out for PT 7 and PT 8;
- (c) SSSB and V2P having obtained the State Authority's approval in accordance with the relevant provisions of the National Land Code in respect of the application for (i) amalgamation or (ii) surrender and re-alienation of PT 7, PT 8 and PT 2049 into one single issue document of title with a leasehold period of 99 years commencing from the date of issuance of the relevant new issue document of title; and
- (d) V2P having procured the registration of the discharge of the charge created over PT 8.

The completion of the acquisition of PT 7 and PT 8 are inter-conditional with one another while PT 2049 would be acquired independent of the acquisition of PT 7 and PT 8.

Salient terms of the SA include, inter-alia, the following:

- (a) Under the Proposed Joint Venture, SunCity and V2P shall subscribe for the following ordinary shares of RM1 each for cash in the share capital of the JVCo:

| Shareholders | Number of shares | Shareholding Ratio |
|--------------|------------------|--------------------|
| SunCity | 79,000 | 80% * |
| V2P | 20,000 | 20% |

** Included 1,000 ordinary shares currently held by SunCity in the JVCo.*

- (b) SunCity and V2P shall be entitled to nominate and appoint 3 directors and 1 director respectively in the JVCo.
- (c) SunCity shall nominate the Chairman of the Board.
- (d) The JVCo to enter into a management agreement with Sunway Integrated Properties Sdn. Bhd., a wholly-owned subsidiary of SunCity to undertake the tasks stipulated in the SA at a management fee equivalent to 1% of gross development value (%GDV) of the Development.

The SA shall become unconditional when the following conditions have been fulfilled:

- (a) Execution of the SPAs and fulfilment of the conditions precedent of the SPAs in relation to PT 7, PT 8 and PT 2049; and
- (b) Approval of the relevant authorities granted to the JVCo for the amalgamation or surrender and re-alienation of the Lands and the extension of the leasehold period of the Lands to 99 years.

The Proposed Property Acquisition of PT2049 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the Proposed Property Acquisition has not been completed as at the date of this report.

B7.2 Collective purchase of land, all the units and the common property in the development known as Brookvale Park comprised in Lots 4267K, 4268N, 4269X and 4270K of Mukim 5, Singapore ("Brookvale Park")

On 15 February 2018, Hoi Hup Realty Pte. Ltd. (%Hoi Hup) and Sunway Developments Pte. Ltd. (a wholly-owned subsidiary of Sunway Holdings Sdn. Bhd., which in turn wholly-owned by the Company) (%SDPL) had entered into a Collective Sale and Purchase Agreement with the collective majority owners of Brookvale Park to acquire Brookvale Park (%the Property) for a total consideration of S\$530.0 million (equivalent to approximately RM1.59 billion). The completion of the agreement is subject to fulfillment of conditions precedent and authorities approval.

Brookvale Park, located on 999-year leasehold land in Clementi, Singapore, is currently a 160-unit private residential estate with a land area of 34,654 square meter. The Property will be redevelop into a new private residential development with an allowed plot ratio of 1.6 times, subject to authorities approval (%the Proposed Project).

The Collective Sale and Purchase Agreement has not been completed as at the date of this report.

B7.3 Proposed acquisition of residential units by Sunglobal Resources Sdn. Bhd.

On 25 May 2018, Sunglobal Resources Sdn Bhd (~~%Sunglobal+~~) entered into a Master Sale and Purchase Agreement (~~%SPA+~~) with Setapak Heights Development Sdn Bhd (~~%Setapak Heights+~~) for the acquisition of 47 completed individual residential units of Residensi Infiniti 3 (~~%Parcels+~~) developed by Setapak Heights on a leasehold land of 99 years expiring on 24 February 2109 held under Pajakan Negeri 50980 Lot 200649 Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan (~~%Land+~~) on an ~~%as~~ is where is+basis and free from encumbrances and with vacant possession (~~%Proposed Acquisition+~~) for a total purchase consideration of RM45,795,860 ("Contract Price").

The Contract Price shall be satisfied by Sunglobal in the following manner:

- A sum of RM4,579,586 (~~%Initial Payment+~~) paid to Setapak Heights upon execution of the SPA as part payment of the Contract Price;
- Payment of RM20,608,137 shall be paid to Setapak Heights within 12 months from the date of the SPA towards part payment of the Contract Price; and
- Payment of the remaining balance of the Contract Price of RM20,608,137 shall be paid to Setapak Heights within 18 months from the date the SPA.

The SPA is conditional upon the discharge of the assignment of the Parcels in favour of Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad within one month from the date of the SPA or such further period as may be granted by Sunglobal (~~%Cut-Off Period+~~). Setapak Heights and Sunglobal shall treat the sale and purchase of the Parcels as being completed on the date this condition is fulfilled notwithstanding that the Contract Price has yet to be paid in full. If the condition is not fulfilled by the expiry of the Cut-Off Period, Setapak Heights is to refund the Initial Payment to Sunglobal and Sunglobal shall have the right to terminate the SPA.

The Proposed Acquisition has not been completed a at the date of this report.

B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2018 are as follows:

| | Current RM'000 | Non-current RM'000 | Total RM'000 |
|-------------------------------------|-------------------|-----------------------|------------------|
| Secured borrowings | | | |
| <u>Islamic:</u> | | | |
| Term loan | 767,565 | - | 767,565 |
| Revolving credits | 414,900 | - | 414,900 |
| | 1,182,465 | - | 1,182,465 |
| <u>Conventional:</u> | | | |
| Bank overdrafts | 144,771 | - | 144,771 |
| Term loan | 1,006,976 | 457,114 | 1,464,090 |
| Revolving credits | 459,923 | - | 459,923 |
| Medium term notes | - | 480,000 | 480,000 |
| Bankers' acceptances | 2,611 | - | 2,611 |
| Hire purchase and lease liabilities | 397 | 466 | 863 |
| | 1,614,678 | 937,580 | 2,552,258 |
| Total secured borrowings | 2,797,143 | 937,580 | 3,734,723 |
| <u>Islamic:</u> | | | |
| Medium term notes | - | 1,480,000 | 1,480,000 |
| Commercial papers | 1,240,000 | - | 1,240,000 |
| | 1,240,000 | 1,480,000 | 2,720,000 |
| <u>Conventional:</u> | | | |
| Term loan | 168,598 | - | 168,598 |
| Revolving credits | 336,894 | - | 336,894 |
| Medium term notes | - | 610,000 | 610,000 |
| Bankers' acceptances | 173,209 | - | 173,209 |
| Commercial papers | 1,166,000 | - | 1,166,000 |
| Bills discounting | 125,944 | - | 125,944 |
| | 1,970,645 | 610,000 | 2,580,645 |
| Total unsecured borrowings | 3,210,645 | 2,090,000 | 5,300,645 |
| Total borrowings | 6,007,788 | 3,027,580 | 9,035,368 |
| Islamic borrowings | 2,422,465 | 1,480,000 | 3,902,465 |
| Conventional borrowings | 3,585,323 | 1,547,580 | 5,132,903 |
| Total borrowings | 6,007,788 | 3,027,580 | 9,035,368 |
| | | | |

Included in the Group borrowings as at 30 September 2018 are amounts denominated in foreign currency as follows:

| Secured | Foreign currency | | RM'000 | | |
|-------------------------------|------------------|-------------|-----------|-------------|-----------|
| | Current | Non-current | Current | Non-current | Total |
| US Dollar (USD'000) * | | | | | |
| - Term loan | 460,147 | 100,000 | 1,909,150 | 414,900 | 2,324,050 |
| - Revolving credits | 241,000 | - | 999,909 | - | 999,909 |
| Singapore Dollar (SGD'000) # | | | | | |
| - Term loan | 90,000 | - | 273,501 | - | 273,501 |
| Indonesian Rupiah (Rp'000) ** | | | | | |
| - Term loan | 2,540,888 | - | 706 | - | 706 |
| Chinese remimbi (RMB'000) ** | | | | | |
| - Term loan | 8,000 | - | 4,821 | - | 4,821 |
| Australia Dollar (AUD'000) * | | | | | |
| - Term loan | 90,848 | - | 272,108 | - | 272,108 |
| | | | 3,465,016 | 414,900 | 3,879,916 |

The Group borrowings as at 30 September 2017 are as follows:

| | Current RM'000 | Non-current RM'000 | Total RM'000 |
|-------------------------------------|-------------------|-----------------------|------------------|
| Secured borrowings | | | |
| <u>Islamic:</u> | | | |
| Term loan | 567,088 | 445,000 | 1,012,088 |
| <u>Conventional:</u> | | | |
| Bank overdrafts | 121,752 | - | 121,752 |
| Term loan | 1,524,723 | 1,072,584 | 2,597,307 |
| Revolving credits | 50,000 | - | 50,000 |
| Medium term notes | - | 480,000 | 480,000 |
| Bankers' acceptances | 33,226 | - | 33,226 |
| Hire purchase and lease liabilities | 944 | 442 | 1,386 |
| | 1,730,645 | 1,553,026 | 3,283,671 |
| Total secured borrowings | 2,297,733 | 1,998,026 | 4,295,759 |
| Unsecured borrowings | | | |
| <u>Islamic:</u> | | | |
| Medium term notes | - | 680,000 | 680,000 |
| Revolving credits | 80,000 | - | 80,000 |
| Commercial papers | 1,195,000 | - | 1,195,000 |
| | 1,275,000 | 680,000 | 1,955,000 |
| <u>Conventional:</u> | | | |
| Term loan | 2,180 | - | 2,180 |
| Medium term notes | 150,000 | 610,000 | 760,000 |
| Commercial paper | 144,770 | - | 144,770 |
| Bills discounting | 910,000 | - | 910,000 |
| Bankers' acceptances | 145,532 | - | 145,532 |
| | 1,352,482 | 610,000 | 1,962,482 |
| Total unsecured borrowings | 2,627,482 | 1,290,000 | 3,917,482 |
| Total borrowings | 4,925,215 | 3,288,026 | 8,213,241 |
| Islamic borrowings | 1,842,088 | 1,125,000 | 2,967,088 |
| Conventional borrowings | 3,083,127 | 2,163,026 | 5,246,153 |
| Total borrowings | 4,925,215 | 3,288,026 | 8,213,241 |

Included in the Group borrowings as at 30 September 2017 are amounts denominated in foreign currency as follows:

| Secured | Foreign currency | | RM'000 | | |
|-------------------------------|------------------|-------------|-----------|-------------|-----------|
| | Current | Non-current | Current | Non-current | Total |
| US Dollar (USD'000) * | | | | | |
| - Term loan | 438,000 | - | 1,853,616 | - | 1,853,616 |
| Singapore Dollar (SGD'000) # | | | | | |
| - Term loan | - | 90,000 | - | 280,827 | 280,827 |
| Chinese Renminbi (RMB'000) ** | | | | | |
| - Term loan | 12,882 | - | 8,190 | - | 8,190 |
| Indonesian Rupiah (RP'000) ** | | | | | |
| - Term loan | 3,972,762 | - | 1,243 | - | 1,243 |
| Australia Dollar (AUD'000) ** | | | | | |
| - Term loan | 315 | - | 1,048 | - | 1,048 |
| | | | 1,864,098 | 280,827 | 2,144,925 |

Notes:

* Borrowings in which cross currency swap contracts have been entered into.

** Borrowings obtained by overseas subsidiaries.

Borrowings partially obtained by overseas subsidiaries. Those obtained by local subsidiaries have entered into cross currency swap contracts.

Overall, the total borrowing of the Group has increased by RM1.04 billion, from RM8.03 billion as at 30 September 2017 to RM9.07 billion as at 30 September 2018.

The increase in Group's borrowing is mainly to fund the development cost of its on-going projects in Sunway Velocity, Sunway Iskandar and Sunway Serene, expansion cost in Sunway Medical Centre and landbank acquisition.

The weighted average interest rate of borrowings as at 30 September 2018 is 4.11%. 43% of the Group's total borrowing are fixed rate instruments, whereas 57% are floating rate instruments.

Out of the total borrowings of RM9.07 billion, RM3.88 billion (Current: RM3.47 billion ; Non-current: RM0.41 billion) are denominated in foreign currencies. The group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into for minimising the interest cost. The average exchange rate entered for USD borrowings is 4.030, AUD borrowings is 3.000 and SGD borrowings is 2.573.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 September 2018 were as follows:

| Type of Derivatives | Contract/ Notional Value RM'000 | Fair Value RM'000 | Gains/(Losses) for the period RM'000 | Cash Flow Hedge Reserve RM'000 |
|---|---------------------------------------|-------------------------|--|--------------------------------------|
| Interest rate swap contracts | | | | |
| - Less than 1 year * | 916,130 | (45) | - | |
| Foreign currency forward contracts | | | | |
| - Less than 1 year | 53,080 | (965) | 430 | - |
| - 1 year to 3 years | 36,751 | 5 | 451 | - |
| Cross currency swap contracts * | | | | |
| - Less than 1 year | 1,844,952 | 64,354 | | 2,140 |
| - 1 year to 5 years | - | (2) | | - |
| Total derivatives | | 63,347 | 881 | 2,140 |

* Includes a contract which has expired during the period.

Include contracts which have not been drawn down during the period.

Commodity futures

The commodity futures were entered into with the objective of managing and hedging the Company's exposure to adverse price movements in commodities. The fair values of this component have been determined based on published market prices or prices quoted from reputable financial institutions.

The above derivative is initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a results of transactions denominated in currencies other than its functional currency, arising from normal business activities. These are done in accordance with the Group's foreign currency hedging policy and are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the foreign currency forward contracts are stated at fair value, using the prevailing market rates. Derivatives with positive market values are included under current assets and derivatives with negative market values are included under current liabilities. Any changes in fair value of derivatives during the period are taken directly to the income statement.

Interest rate swap contracts

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the hedging contract minimises the fluctuation of cash flow due to changes in the market interest rates. The above interest rate hedging contracts are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the interest rate swap contracts are computed using the present value of the difference between the floating rates and fixed rates applied to the principal amounts over the duration of swap expiring subsequent to period end. Any changes in fair value of derivatives during the period are taken directly to the income statement.

Cross currency swap contracts

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

Cash flow hedge accounting could not be applied where the hedge instruments were entered into prior to the loan drawdown. Changes in fair value of these hedge instruments are therefore recognised in the income statement.

B11 Ageing Analysis of Trade Receivables

The aging analysis of the Group's trade receivables are as follows:

| | 30/9/2018 RM'000 | 31/12/2017 RM'000 (Restated) |
|--|---------------------|------------------------------------|
| Neither past due nor impaired | 1,398,975 | 1,676,075 |
| 1 to 30 days past due not impaired | 175,918 | 110,633 |
| 31 to 60 days past due not impaired | 112,483 | 80,431 |
| 61 to 90 days past due not impaired | 60,549 | 37,033 |
| 91 to 120 days past due not impaired | 25,159 | 19,119 |
| More than 120 days past due not impaired | 74,590 | 50,543 |
| | 448,699 | 297,759 |
| Impaired | 81,039 | 93,263 |
| Total trade receivables | 1,928,713 | 2,067,097 |
| Less: Allowance for impairment | (81,039) | (93,263) |
| Net trade receivables | 1,847,674 | 1,973,834 |
| Other receivables | 434,784 | 301,907 |
| Amounts due from associates | 55,838 | 41,904 |
| Amounts due from joint ventures | 895,021 | 735,088 |
| Total receivables | 3,233,317 | 3,052,733 |
| Non-current receivables | 332,056 | 245,959 |
| Current receivables | 2,901,261 | 2,806,774 |
| Total receivables | 3,233,317 | 3,052,733 |

B10 Changes in Material Litigation

Except for the following claims, there was no pending material litigation.

- (a) On 4 September 2008, the solicitors of Sunway Construction Sdn Bhd (SunCon) had been served with a Statement of Claim (Statement of Claim) by Shristi Infrastructure Development Corporation Ltd (Claimant). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

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 the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees (Bank Guarantees) to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM51 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs781,394,628.61 (approximately equivalent to RM47 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

75 hearings had been held and on 11 January 2013, the arbitrator that presided over the case passed away. The Claimant and SunCon may now proceed to appoint another arbitrator that is agreeable by both parties, failing such agreement an application can be filed to the Supreme Court for an appointment.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

B11 Dividend

Other than the dividend paid as disclosed in note A8, no dividend has been proposed by the Board of Directors for the financial year ending 31 December 2018.

B12 Earnings per share

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

| | Current Quarter Ended 30/9/2018 RM'000 | Cumulative Year To Date 30/9/2018 RM'000 |
|---|---|---|
| <u>Basic earnings per share</u> | | |
| Profit attributable to members of the Company | 145,308 | 466,669 |
| Weighted Average Number of Ordinary Shares | 4,863,200 | 4,875,467 |
| Earnings per share (Basic) (sen) | 2.99 | 9.57 |
| <u>Diluted earnings per share</u> | | |
| Profit attributable to members of the Company | 145,308 | 466,669 |
| Weighted Average Number of Ordinary Shares | 4,867,405 | 4,881,114 |
| Earnings per share (Diluted) (sen) | 2.99 | 9.56 |

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries

ISSUER

Sunway Treasury Sukuk Sdn Bhd
(Company No. 1088200-V)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan

GUARANTOR

Sunway Berhad
(Company No. 921551-D)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan

PRINCIPAL ADVISER / LEAD ARRANGER / LEAD MANAGER

Kenanga Investment Bank Berhad
(Company No. 15678-H)
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

FACILITY AGENT

Kenanga Investment Bank Berhad
(Company No. 15678-H)
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

**SOLICITORS TO THE
PRINCIPAL ADVISER / LEAD ARRANGER / LEAD MANAGER**

Messrs Lee Hishammuddin Allen & Gledhill
Level 6, Menara 1 Dutamas
Solaris Dutamas, No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur

SUKUK TRUSTEE

Pacific Trustees Berhad
(Company No. 317001-A)
Unit A-11-8, 11th Floor
Megan Avenue 1
No. 189, Jalan Tun Razak
Off Persiaran Hampshire
50400 Kuala Lumpur