

Serial No:

STRICTLY PRIVATE & CONFIDENTIAL



**ISSUANCE OF COMMERCIAL PAPERS AND/OR MEDIUM TERM NOTES OF UP TO RM2.0 BILLION IN NOMINAL VALUE PURSUANT TO A COMMERCIAL PAPER/ MEDIUM TERM NOTE PROGRAMME**

The Issuer proposes to undertake the issuance of commercial papers ("CPs") and/or medium term notes ("MTNs") (CPs and MTNs are collectively referred to as the "Notes") pursuant to a commercial paper/medium term note programme of up to RM2.0 billion in nominal value ("CP/MTN Programme"). The CP/MTN Programme is for a tenure of seven (7) years from the date of the first issue of the Notes.

No application is being made to list the Notes on any stock exchange, nor is any such application contemplated.

The Notes will be redeemed by the Issuer at their face value on the relevant maturity date(s) unless earlier redeemed or purchased and cancelled. Payment on the Notes will be made without withholding or deductions for or on account of any present or future tax, duty or charges of whatsoever nature imposed or levied by or on behalf of Malaysia, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law whereby the Issuer shall be required to gross up for any such deductions or withholdings.

The Notes will be traded under the Scripless Securities Depository System maintained by Bank Negara Malaysia. Each series of the Notes shall be represented by a global certificate which is exchangeable for definitive certificates on the occurrence of certain events. The global certificate will be deposited with Bank Negara Malaysia acting as the central depository.

**The Notes shall not be offered, sold, transferred or otherwise disposed of directly or indirectly other than to:**

- (1) at the point of issuance, persons who are residents in Malaysia and falling within any one or more of the categories of persons specified in Schedule 6 or subsection 229 (1) (b) and Schedule 7 or subsection 230 (1) (b) read together with Schedule 9 or subsection 257 (3) of the Capital Markets and Services Act 2007 as amended from time to time ("CMSA"); and
- (2) thereafter, persons who are residents in Malaysia and falling within any one or more of the categories of persons specified in Schedule 6 or subsection 229(1)(b) read together with Schedule 9 or subsection 257(3) of the CMSA.

**PRINCIPAL ADVISER/LEAD ARRANGER**



KENANGA INVESTMENT BANK BERHAD

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

**JOINT LEAD MANAGERS**



**HSBC Bank Malaysia Berhad**  
(Company No. 127776-V)



KENANGA INVESTMENT BANK BERHAD

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



**Standard Chartered Bank Malaysia Berhad**  
(Company No. 115793-P)

*This Information Memorandum is dated 11 November 2013*

## RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of Sunway Berhad (Company No. 921551-D) (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 Notes to be issued pursuant to the CP/MTN 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 and lead arranger (“**Principal Adviser/Lead Arranger**”) or Kenanga Investment Bank Berhad (Company No. 15678-H), HSBC Bank Malaysia Berhad (Company No. 127776-V) and Standard Chartered Bank Malaysia Berhad (Company No. 115793-P) as the joint lead managers (collectively, the “**Joint Lead Managers**”) and no representation or warranty, express or implied, is given or assumed by the Principal Adviser/Lead Arranger or the Joint Lead Managers 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 the Principal Adviser/Lead Arranger and Joint Lead Managers or their respective affiliates.

The Principal Adviser/Lead Arranger and the Joint Lead Managers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Notes and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

This Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Principal Adviser/Lead Arranger, the Joint Lead Managers or any other person.

This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer or as required under Malaysian laws, regulations or guidelines.

This Information Memorandum has not been and will not be made to comply with the laws of any country (including its territories, all jurisdictions within that country and any possession areas subject to its jurisdiction) other than Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any Foreign Jurisdiction and it does not constitute an issue or offer of, or an invitation to subscribe for or purchase the Notes or any other securities of any kind by any party in any Foreign Jurisdiction.

The distribution or possession of this Information Memorandum in or from certain Foreign Jurisdictions may be restricted or prohibited by law. Each recipient is required by the Issuer, the Principal Adviser/Lead Arranger and the Joint Lead Managers to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. The Issuer and/or the Principal Adviser/Lead Arranger and/or the Joint Lead Managers do not accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum,

and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the Notes under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Notes, (d) the Issuer, the Principal Adviser/Lead Arranger, the Joint Lead Managers and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Notes, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Notes is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Notes can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Notes, and is able and is prepared to bear the economic and financial risks of investing in or holding the Notes, (g) it is subscribing or accepting the Notes for its own account, and (h) it is person to whom an issue, offer or invitation to subscribe or purchase the Notes would constitute an excluded issue, excluded offer or excluded invitation as specified or set out in Schedule 6 or Subsection 229(1) (b) and Schedule 7 or Subsection 230 (1)(b), read together with Schedule 9 or Subsection 257(3) of the CMSA at issuance and Schedule 6 or Subsection 229(1)(b), read together with Schedule 9 or Subsection 257(3) of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject.

This Information Memorandum is not, and should not be construed as, a recommendation by the Issuer, the Principal Adviser/Lead Arranger, the Joint Lead Managers or any other party to the recipient to subscribe for or purchase the Notes. 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 Notes 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 Notes 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 Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Principal Adviser/Lead Arranger and the Joint Lead Managers 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 Notes or to advise any investor in the Notes 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 Notes.

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 the Principal Adviser/Lead Arranger and together with the Joint Lead Managers 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 Notes 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 Notes in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the applicable authorisation from the SC, which had been obtained on 25 October 2013 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 Notes.

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.

**EACH ISSUE OF THE NOTES 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 NOTES.**

### **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 audited annual consolidated financial statements of the Issuer; 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.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Information Memorandum.

## **CONFIDENTIALITY**

### *To the recipient of this Information Memorandum*

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to selected persons specifically in reference to the CP/MTN 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 Notes may be made and to whom the Notes are issued would fall within Schedule 6 or subsection 229 (1) (b) and Schedule 7 or subsection 230 (1) (b) read together with Schedule 9 or subsection 257 (3) of the CMSA at issuance; or thereafter persons to whom an offer or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Schedule 6 or subsection 229 (1) (b) read together with Schedule 9 or subsection 257(3) of the CMSA.

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.

The recipient must return this Information Memorandum and all reproductions thereof whether in whole or in part and any other information in connection therewith to the Principal Adviser/Lead Arranger or the Joint Lead Managers promptly upon the Principal Adviser/Lead Arranger's or the Joint Lead Managers' (as the case may be) request, unless that recipient provides proof of a written undertaking satisfactory to the Principal Adviser/Lead Arranger or the Joint Lead Managers (as the case may be) with respect to destroying these documents as soon as reasonably practicable after the said request from the Principal Adviser/Lead Arranger or the Joint Lead Managers (as the case may be).

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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
“Bursa Securities”	Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CMSA”	Capital Markets and Services Act, 2007, as amended from time to time
“CP/MTN Programme”	the commercial paper and/or medium term note programme of up to RM2.0 billion in nominal value
“CPs”	commercial papers
“HSBC”	HSBC Bank Malaysia Berhad (Company No. 127776-V)
“Issuer” or “Sunway”	Sunway Berhad (Company No. 921551-D)
“Principal Adviser/Lead Arranger” or “KIBB”	Kenanga Investment Bank Berhad (Company No. 15678-H)
“MTNs”	medium term notes
“Notes”	CPs and/or MTNs issued or to be issued pursuant to the CP/MTN Programme
“PTC”	the principal terms and conditions of the CP/MTN Programme as set out in Section 3 of this Information Memorandum
“REIT”	Real Estate Investment Trust
“SC”	Securities Commission Malaysia
“Series”	refers to such tranche of the Notes sharing the same issue date, the same issue request, the same terms and conditions and the same tenure
“Share(s)”	Ordinary share(s) of RM1.00 each in Sunway
“Standard Chartered”	Standard Chartered Bank Malaysia Berhad (Company No. 115793-P)
“Sunway City”	Sunway City Sdn Bhd (Company No. 87564-X)
“SunCon”	Sunway Construction Sdn Bhd (Company No. 27175-V)
“Sunway Group” or “Group”	the Issuer and its subsidiaries
“Sunway Holdings”	Sunway Holdings Sdn Bhd (Company No. 37465-A)
“Sunway REIT”	Sunway Real Estate Investment Trust
“Trustee”	Pacific Trustees Berhad (Company No. 317001-A) acting as the bond trustee and security trustee

## 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" and the unaudited financial statements and related notes of the Issuer.***

### 1.1 Introduction

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

The Issuer was set up as a special purpose company to facilitate the acquisition of all the businesses and undertakings of Sunway City and Sunway Holdings including assets and liabilities. The acquisitions were completed on 18 August 2011.

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

### 1.2 Summary of financial performance of the Sunway Group

#### **For the financial year ended 31 December 2012**

For the financial year ended 31 December 2012, the Sunway Group recorded audited revenue of RM3.8 billion and profit before tax of RM722.9 million. The revenue was largely contributed by the construction, property development, property investment and trading and manufacturing divisions. Compared to the previous financial year, revenue had been higher by 4.3%, mainly due to higher rental income from property investment assets and full year revenue contribution from Sunway Monash University Residence (completed in December 2011) and Sunway Putra Hotel (acquired in late 2011). Progress billing from ongoing local construction projects had also been higher.

Profit before tax for the year was boosted by one off gains of RM198.5 million on disposal of the Sunway Medical Centre building to Sunway REIT and fair value gains from associates and investment properties. Excluding these one off gains, core profit before tax would have been RM524.5 million which was 17.7% higher than the core profit before tax of the previous financial year. The increase was driven by higher operating profits in the core businesses of property and construction.

Net gearing of the Group was manageable at 0.45 times compared to 0.49 times the previous financial year.

#### **For the 6-month financial period ended 30 June 2013**

For the 6-month financial period ended 30 June 2013, Sunway Group recorded a revenue of RM2.1 billion and profit before tax of RM335.0 million. Compared to the corresponding 6-month period in the previous financial year, revenue had increased by 18.1%. The higher revenue was mainly due to higher property billings and construction revenue.

Profit before tax grew 20.5% compared to the corresponding 6-month period in the previous financial year driven by the higher profit from the property development and construction division, in line with the higher revenue. Other businesses, namely property investment, trading and manufacturing, quarry, building materials and healthcare had also all contributed positively to the Sunway Group's profit before tax.

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### **1.3 Brief Description of the CP/MTN Programme**

The CP/MTN Programme involves the issuance of CPs and/or MTNs of up to RM2.0 billion in nominal value.

The CP/MTN Programme shall have a tenure of up to seven (7) years from the date of first issue of the Notes. The CPs may be issued with maturities of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months at the option of the Issuer whereas maturities for the MTNs can be for more than one (1) year and up to seven (7) years as the Issuer may select, provided always that the final maturities of the Notes shall not exceed the tenure of the CP/MTN Programme.

The CPs 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 while the MTNs may be issued via book building on a best effort basis or direct placement or on bought deal basis, without prospectus.

The CP/MTN Programme will be secured by a charge and assignment over a debt service reserve account and all monies standing to the credit therein by the Issuer in favour of the Trustee.

For further details, please refer to the principal terms and conditions of the CP/MTN Programme as set out in Section 3 of this Information Memorandum.

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## **TRANSACTION DETAILS**

### **2.1 Utilisation of Proceeds**

The proceeds raised from the issuance of the Notes shall be utilised by the Issuer as follows:

- (a) to repay all amounts outstanding under the Issuer's existing commercial paper/medium term note programme of up to RM500.0 million in nominal value unless the same has been partly or fully repaid;
- (b) to utilise RM30,000 to fund the Trustee's Reimbursement Account as required under the SC's Trust Deed Guidelines;
- (c) 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 ie. the fees and expenses relating to the CP/MTN Programme) of the Issuer and/or its subsidiaries and/or its jointly controlled entities;
- (d) to repay existing/future borrowings undertaken by the Issuer and/or its subsidiaries.

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

### **2.2 Rating**

RAM Rating Services Berhad has assigned a rating of P1 for the CPs and A2 for the MTNs.

### **2.3 Trustee**

Pacific Trustees Berhad is the Trustee appointed to act for and on behalf of the noteholders in relation to the CP/MTN Programme.

### **2.4 Buy-back, Redemption and Early Redemption**

The Issuer or any of its subsidiaries or agents or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer may, at any time, purchase any outstanding Notes at any price in the open market or by way of private treaty. Any Notes so purchased by the Issuer or any of its subsidiaries or agents acting for the redemption or purchase are to be surrendered for cancellation and shall not be reissued or resold.

Any Notes held by any interested person of the Issuer (who shall include directors, major shareholders and chief executive officers) shall not entitle such interested person to vote at any of the meetings of the noteholders and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the noteholders whenever such determination is required.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by the Issuer at 100% of its nominal value together with interest accrued to the date of redemption on their respective maturity dates.

The Issuer may at its option redeem all the Notes under any Series (in whole and not in part) prior to their maturity subject to the Issuer providing the requisite written notice to the Trustee and the Facility Agent not less than twenty-one (21) days and not more than sixty (60) days before the date of redemption. The early redemption of the Notes shall be at such price calculated based on the formula set out in Appendix 1 of this Information Memorandum.

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## PRINCIPAL TERMS AND CONDITIONS OF THE CP/MTN PROGRAMME

### 3.1 Principal Terms and Conditions

#### (a) Name of parties involved in the proposed transaction (where applicable)

(i)	Principal adviser	Kenanga Investment Bank Berhad (Company No.15678-H) (" <b>KIBB</b> " or " <b>PA/LA</b> ").
(ii)	Lead arranger	KIBB.
(iii)	Co-arranger	Not applicable.
(iv)	Solicitor	Messrs. Lee Hishammuddin Allen & Gledhill (" <b>Solicitors</b> ").
(v)	Financial adviser	Not applicable.
(vi)	Technical adviser	Not applicable.
(vii)	Bond trustee	Pacific Trustees Berhad (Company No. 317001-A) (" <b>Pacific Trustees</b> " or " <b>Trustee</b> ").
(viii)	Guarantor	Not applicable.
(ix)	Valuer	Not applicable.
(x)	Facility agent	KIBB.
(xi)	Primary subscriber(s) (under a bought-deal arrangement) and amount subscribed	Not applicable.
(xii)	Underwriter and amount underwritten	<p><u>Commercial Papers ("<b>CPs</b>")</u></p> <p>The CPs will not be underwritten. Notwithstanding this, the Issuer may subsequently arrange for the CPs to be underwritten in part or in full based on underwriting fees and yields to be agreed then with the underwriters.</p> <p><u>Medium Term Notes ("<b>MTNs</b>")</u></p> <p>The MTNs will not be underwritten.</p>
(xiii)	Central depository	Bank Negara Malaysia (" <b>BNM</b> ").
(xiv)	Paying agent	BNM.
(xv)	Reporting accountant	Not applicable.
(xvi)	Calculation agent	KIBB.
(xvii)	Others (please specify)	<p><u>Tender Panel Members ("<b>TPM</b>") (in respect of the CPs)</u></p> <p>To be identified by the PA/LA comprising banks, other financial institutions and other persons falling within Schedule 6 or subsection 229(1)(b) and Schedule 7 or subsection 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act</p>

2007 as amended from time to time ("**CMSA**").

Security Trustee

Pacific Trustees.

Lead Manager(s)

KIBB and/or such other financial institution(s) to be appointed by the Issuer prior to the issuance of the Notes (as defined below).

**(b) Facility description**

A commercial paper/medium term note programme of up to RM2.0 billion in nominal value ("**CP/MTN Programme**").

The CPs and the MTNs are collectively referred to as the "**Notes**".

The Notes will be issued in one or more series.

**(c) Issue/debt programme size**

CP/MTN Programme

The total outstanding nominal amount of the Notes issued under the CP/MTN Programme shall not exceed RM2.0 billion in aggregate at any point in time.

**(d) Tenor of issue/debt programme**

CP/MTN Programme

Up to seven (7) years from the date of first issuance of the Notes under the CP/MTN Programme.

The first issuance of the Notes shall be made within two (2) years from the date of the written authorisation issued by the Securities Commission ("**SC**").

CPs

One (1), two (2), three (3), six (6), nine (9) or twelve (12) months as the Issuer may select.

MTNs

Above one (1) year and up to seven (7) years as the Issuer may select.

Provided always that the Notes shall mature on or prior to the expiry of the CP/MTN Programme.

**(e) Availability period of debt programme**

The CP/MTN Programme is available for utilisation upon completion of documentation and compliance of all conditions precedent to the satisfaction of PA/LA and ending on the date falling seven (7) years from the date of the first issuance of the Notes under the CP/MTN Programme.

**(f) Interest/coupon rate**

CPs

Not applicable as the CPs will be issued at discount to its nominal value.

MTNs

To be determined and agreed prior to each issuance of the respective MTNs between the Issuer and the investors.

- (g) **Interest/coupon payment frequency**
- CPs
- Not applicable as the CPs will be issued at a discount to its nominal value.
- MTNs
- Semi-annually in arrears with the first payment commencing six (6) months from the date of issuance and the last payment to be made on the maturity date.
- (h) **Interest/coupon payment basis**
- Actual number of days elapsed on a 365-day basis.
- (i) **Security/collateral**
- The CP/MTN Programme will be secured by a charge and assignment over the DSRA (as herein defined) and the credit balances in the DSRA.
- (j) **Details on utilisation of proceeds**
- The proceeds from the CP/MTN Programme shall be utilised for the following purposes:
- (a) to repay all amounts outstanding under the Issuer's existing commercial paper/medium term note programme of up to RM500.0 million in nominal value unless the same has been partly or fully repaid;
  - (b) to utilise RM30,000 to fund the Trustee's Reimbursement Account (as defined in paragraph 3.1(k)) as required under the SC's Trust Deed Guidelines;
  - (c) 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 CP/MTN Programme) of the Issuer and/or its subsidiaries and/or its jointly-controlled entities;
  - (d) to repay existing/future borrowings undertaken by the Issuer and/or its subsidiaries.
- (k) **Sinking fund and designated account**
- The Issuer is required to open and maintain two (2) interest-bearing accounts:
- (i) Debt Service Reserve Account ("**DSRA**")
  - (ii) Trustee's Reimbursement Account.

#### DSRA

The Issuer shall open an interest-bearing bank account with a licensed financial institution acceptable to PA/LA designated as "DSRA" to accumulate funds to be held in reserve for the purpose of servicing payments due for the MTNs issued and outstanding. The DSRA shall be operated by the Trustee as the sole signatory thereto.

The Issuer shall deposit into the DSRA:-

- i. sufficient funds of an amount equal to the coupon payable on the MTNs issued and outstanding on the next coupon payment date

at least one (1) month prior to the coupon payment date; and

- ii. an amount equal to the principal amount for redemption of the MTNs issued and outstanding on its maturity dates at least one (1) month prior to the maturity date.

#### Trustee's Reimbursement Account

The Issuer shall open and maintain a "Trustee's Reimbursement Account" in which a sum of RM30,000.00 from the monies received by the Issuer from the first issuance of the Notes under the CP/MTN Programme shall be deposited therein. The Trustee's Reimbursement Account shall be solely operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of the Events of Default which are provided in the Trust Deed. The sum of RM30,000.00 in the Trustee's Reimbursement Account shall be maintained at all times throughout the tenure of the CP/MTN Programme. The Trustee shall have full discretion to invest such monies standing to the credit of the Trustee's Reimbursement Account in Permitted Investments (as defined in paragraph 3.1(v)(h) below).

#### *Note:*

*Monies in the DSRA and the Trustee's Reimbursement Account may be invested in Permitted Investments (as defined in paragraph 3.1(v)(h) below). Funds invested in for Permitted Investments and income received from such Permitted Investments shall be remitted into the respective account or any such other designated accounts mutually agreed between the Issuer and the Trustee in a timely manner to meet any payment obligations of the Issuer when due and payable.*

*Immediately after the last maturity date of the Notes and all payment obligations under the Notes have been fully settled, the DSRA and the Trustee's Reimbursement Account shall be closed and any credit balance shall be transferred to the Issuer.*

#### **(l) Rating**

- Credit Rating assigned

#### CPs

Indicative rating of P1.

#### MTNs

Indicative rating of A2.

- Name of Rating Agency

RAM Ratings Services Berhad ("**RAM Ratings**").

#### **(m) Mode of issuance**

#### CPs

Via competitive tender by the TPM or direct placement on a best effort basis without prospectus at the option of the Issuer under Fully Automated System for Issuing/Tendering ("**FAST**").

## MTNs

Via bookbuilding on best effort basis or bought deal basis, all without prospectus under FAST. The MTNs could also be issued by way of private placement to selected investors at an agreed yield between the Issuer and investors.

Issuance of the Notes under the CP/MTN Programme shall be in accordance with (i) the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear Rules**"); and (ii) the Operational Procedures for Securities Services issued by MyClear ("**MyClear Procedures**") or their replacement thereof (collectively referred to as "**MyClear Rules and MyClear Procedures**") applicable from time to time.

**(n) Selling restrictions, including tradability (i.e. tradable or non-tradable)**

The Notes may only be issued, offered, sold, transferred or otherwise disposed of directly or indirectly to persons who are residents of Malaysia and persons falling within any of the categories of persons or in the circumstances specified below:-

### At the point of issuance

Schedule 6 or subsection 229(1)(b) and Schedule 7 or subsection 230(1)(b) read together with Schedule 9 or subsection 257(3) of the CMSA.

### After the issuance

Schedule 6 or subsection 229(1)(b) read together with Schedule 9 or subsection 257(3) of the CMSA.

**(o) Listing status and types of listing**

The Notes shall not be listed on the Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") or on any other stock exchange.

**(p) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)**

Not applicable.

**(q) Conditions precedent**

### Conditions Precedent to first issuance

Conditions precedent to the first issuance of the Notes shall include conditions precedent customary for transactions of this nature, including, but not limited to, the following:

- (i) All relevant Transaction Documents shall have been executed and duly endorsed as exempted under the Stamp Duty Exemption (No 23) Order 2000 and where relevant, presented for registration;
- (ii) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association of the Issuer;
- (iii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer;
- (iv) A certified true copy of a board resolution of the Issuer authorising, among others, the

execution of the Transaction Documents (as defined in paragraph 3.1(v)(b));

- (v) A list of the Issuer's authorized signatories and their respective specimen signatures;
- (vi) A report of the relevant company search of the Issuer;
- (vii) A report of the relevant winding up search or the relevant statutory declaration of the Issuer;
- (viii) Evidence of authorisation from the SC and where applicable, approval from all other regulatory authorities in relation to the CP/MTN Programme;
- (ix) Evidence that the DSRA and Trustee's Reimbursement Account have been opened for the purpose stated in the Transaction Documents;
- (x) Representations and warranties of the Issuer remain true and correct in all material respects and no Event of Default or potential Event of Default;
- (xi) The PA/LA has received a legal opinion from the Solicitors advising with respect to the legality, validity and enforceability of the Transaction Documents to which the Issuer is a party and that all the conditions precedent have been fulfilled;
- (xii) The CP/MTN Programme being accorded a rating of P1/A2 or its equivalent from the rating agency;
- (xiii) Evidence of payment or arrangement for payment of all relevant fees and amounts due by the Issuer in connection with the CP/MTN Programme;
- (xiv) Where consent is required for the CP/MTN Programme from the existing noteholders and/or the existing lenders under any existing facilities including under security documents executed by the Issuer, the obtaining of such consent and/or redemption statement (if applicable); and
- (xv) Such other conditions precedent as may be advised by the Solicitors and to be agreed by the Issuer.

Conditions Precedent to subsequent issuances of the Notes

- (i) Confirmation from the Issuer that all relevant representations and warranties remain true and correct; and
- (ii) No Events of Default has occurred or is

continuing or will occur as a result of the issuances; and

- (iii) Such other conditions precedent as maybe advised by the Solicitors and to be agreed by the Issuer.

**(r) Representations and warranties**

The CP/MTN Programme shall be subject to such representations and warranties as may be deemed standard for a facility of this nature or as may be advised by the Solicitors. This shall include but not be limited to:

1. **Status:**

- a. The Issuer is a corporation duly incorporated and validly existing under the laws of Malaysia,
- b. the Issuer and each of the other members of the Group has the power to own its assets and carry on its business as it is being conducted;

For purposes of this Principal Terms and Conditions, references to “**Group**” shall mean the Issuer and its direct and indirect subsidiaries but excluding jointly controlled entities and associate companies of the Issuer.

2. **Non-Violation:** The entry into and performance by the Issuer of, and the transactions contemplated by, the Transaction Documents do not and will not conflict with:

- a. its constitutional documents;
- b. any law or regulation applicable to it; or
- c. any agreement or instrument binding upon it or any of its assets.

3. **Power and Authority:** The Issuer has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

4. **Authorisation:** All authorisations, consents, approvals, filings or registration required or desirable:

- a. to enable the Issuer 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 to which the Issuer is a party admissible in evidence in its jurisdiction of incorporation;
- c. for the Issuer to carry on its business, and which are material;

have been obtained or affected and are in full

force and effect.

5. **No Proceedings Pending Or Threatened:** No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect (as defined in paragraph 3.1(v)(h)) below) have (to the best of its knowledge and belief after due and careful enquiry) been started or threatened against the Issuer or any other member of the Group.
6. **Appointment of Receiver, Legal Process:** No steps have been taken by the Issuer or any of the Material Subsidiaries (as defined in paragraph 3.1(v)(h)) nor, to the best of its knowledge after due and careful enquiry, have any legal proceedings been started or threatened for the dissolution liquidation or winding up of the Issuer or any of the Material Subsidiaries 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 any of the Material Subsidiaries and no demand under Section 218 (2) of the Companies Act 1965 has been received by the Issuer or any of the Material Subsidiaries.
7. **Binding Obligations:** The obligations expressed to be assumed by the Issuer in each Financing Document are, subject to any general principles of law limiting its obligations legal, valid, binding and enforceable obligations.
8. **No default:**
  - a. No event of default or potential event of default is continuing or might reasonably be expected to result from the issuance of the Notes.
  - b. No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on the Issuer or any other member of the Group or to which the Issuer's or any other member of the Group's assets are subject, which might have a Material Adverse Effect.
9. **Accounts:** The Issuer's financial statements have been prepared on a basis consistently applied in accordance with the generally accepted accounting principles in Malaysia and give a true and fair view of the results of its operations for that year and the state of its financial affairs at that date, and in particular disclose or reserve against such liabilities (actual or contingent) of the Issuer.
10. **No misleading information:**
  - a. Any factual information provided by the

Issuer to the Trustee in writing in connection with or as required under the Transaction Documents was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and is not misleading in any respect;

- b. Any financial projections provided by the Issuer to the Trustee have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

- 11. **Changes:** No event or series of events has occurred (including, without limitation, the revocation or non-renewal of any authorisations, consents, approvals, filings or registration) which would have a Material Adverse Effect.
- 12. Such other representations and warranties which may be advised by the Solicitors.

**(s) Events of default (or enforcement event, where applicable)**

To include but not limited to the following events of default ("**Event of Default**"):

- 1. **Failure of Payment:** At any time, the Issuer fails to pay any amount due from it under any Notes and/or any other amounts due from it under any of the Transaction Documents on the due date and such default is not remedied by the Issuer within seven (7) business days.
- 2. **Breach of Obligations:** The Issuer does not comply with any provision of the Transaction Documents or under any undertaking or arrangement entered into in connection therewith (other than a payment obligation referred under "Failure of payment" and compliance with the financial covenants referred to in paragraph 3.1(t)(1) below) and, in the case of a failure capable of being remedied, is not remedied within thirty (30) days after the earlier of the Issuer becoming aware of or having been notified in writing by the Trustee of the event or situation, or such other longer remedy period as may be agreed between the Trustee and the Issuer.
- 3. **Misrepresentation:** Any representation or statement made or deemed to be made by the Issuer in the Transaction Documents or any other document delivered by or on behalf of the Issuer under or in connection with any Transaction Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
- 4. **Cross-default:** Any indebtedness of the Issuer or the Material Subsidiaries becomes due and is not paid (after the expiry of any originally applicable grace period) or is capable of being declared due prematurely by reason of a default

or an event of default (however described).

5. **Appointment of Receiver:** An encumbrancer takes possession of or a trustee or administrator or a receiver, or liquidator or officer similar to any of the foregoing is appointed in respect of all or any part of the assets of the Issuer or any of the Material Subsidiaries or distress or any form of execution is levied or enforced upon or sued out against any such assets and is not discharged within sixty (60) days after being levied, enforced or sued out or any security interest which may for the time being affect any of the assets of the Issuer or any of the Material Subsidiaries becomes enforceable which in the reasonable opinion of the Trustee would have a Material Adverse Effect.

6. **Winding Up:**

- a. the Issuer and/or any of the Material Subsidiaries convenes a meeting of its creditors or proposes or makes any arrangement (including a scheme of arrangement under Section 176 of the Companies Act, 1965) or composition with, 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 Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or a petition is presented or a meeting is convened for the purposes of considering a resolution for the winding-up of the Issuer and/or the Material Subsidiaries or a winding-up order is made against the Issuer and/or the Material Subsidiaries unless such petition is contested in good faith and set aside within thirty (30) days (or such longer period as may be agreed by the Trustee) from the date of service of such winding-up petition, or if a winding-up order has been made against it or any event occurs by virtue of which the Issuer and/or the Material Subsidiaries may be dissolved pursuant to the documents which establish the constitution of the Issuer and/or the Material Subsidiaries or pursuant to which the courts of Malaysia or any other competent court would be entitled to order the dissolution of the Issuer and/or the Material Subsidiaries or a moratorium is agreed or declared in respect of or affecting all or a material part of or a particular type of the indebtedness of the Issuer and/or the Material Subsidiaries ; or
- b. any member of the Group (other than the Issuer, Material Subsidiaries and jointly-controlled entities) convenes a meeting of its creditors or proposes or makes any

arrangement (including a scheme of arrangement under Section 176 of the Companies Act, 1965) or composition with, 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 Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or a petition is presented or a meeting is convened for the purposes of considering a resolution for the winding-up of such member company or a winding-up order is made against such member company of the Group unless such petition is contested in good faith and set aside within thirty (30) days (or such longer period as may be agreed by the Trustee) from the date of service of such winding-up petition, or if a winding-up order has been made against it or any event occurs by virtue of which such member company of the Group may be dissolved pursuant to the documents which establish the constitution of such member company of the Group or pursuant to which the courts of Malaysia or any other competent court would be entitled to order the dissolution of such member company of the Group or a moratorium is agreed or declared in respect of or affecting all or a material part of or a particular type of the indebtedness of such member company of the Group and the occurrence of such event would have a Material Adverse Effect.

7. **Material Adverse Change:** Any event or series of event has occurred or which might occur and which, in the opinion of the Trustee will result in the occurrence of an event of default or would have a Material Adverse Effect.
8. **Invalidity or Illegality:** 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.
9. **Legal Proceedings:** The Issuer or the Material Subsidiaries fails to satisfy any judgement exceeding RM30 million passed against it by any court of competent jurisdiction within thirty (30) business days and no appeal against such judgement has been made to any appropriate appellate court within the time prescribed by law or such appeal has been dismissed.

10. **License:** there is a revocation, withholding or modification of a license, authorization or approval that impairs or prejudices the Issuer's ability to comply with the terms and conditions of the Transaction Documents or the Notes or any other document relating to the issue offer or invitation in respect of the Notes.
11. Such other events of default as required under the SC's Trust Deeds Guidelines and as may be advised by the Solicitors and agreed by the Issuer.

Upon the occurrence of any of the Events of Default, the Trustee may, or if so directed by a special resolution of all holders of the Notes, declare that such Event of Default has occurred in respect of all the Notes, and that notwithstanding the stated maturity of all the Notes then outstanding, all Notes then outstanding and the interest accruing thereunder up to the date of the said declaration shall become immediately due and payable whereupon the Trustee shall be bound to take such proceedings against the Issuer as it may think fit and take such other steps to enforce the repayment of the Notes and the provisions of the Transaction Documents and its rights thereunder.

## (t) Covenants

### 1. Financial Covenant

To include but not limited to the following:

1. Net Debt to Shareholders' Funds shall at all times not exceed 1.5 times;
2. Dividend shall not exceed 75% of profit after tax attributable to the shareholders in respect of the year in which such declaration, payment or distribution is made; and shall not be more than 30% of its paid-up share capital;

based on consolidated audited financial statements of the Issuer.

#### Note:

**"Net Debt"** is defined as consolidated debt less cash and cash equivalents belonging to the Group.

**"Shareholders' Funds"** is defined as the aggregate of:

- a. nominal ordinary and preference share capital for the time being issued and paid-up; and
- b. the amount standing to the credit of capital revenue reserve (share premium accounts, capital redemption reserve fund, profit & loss account).

The Financial Covenants shall be duly confirmed by the Issuer on a semi-annual basis through a compliance certificate setting out the computations to be duly signed by any of its directors duly authorised to

do so.

## 2. Positive Covenants

- (i) **Conduct of Business:** The Issuer shall and shall ensure that each of the Material Subsidiaries 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 will ensure that all necessary approvals and licenses required for it and each of the Material Subsidiaries to carry out its business are obtained.
- (ii) **Financial Information:** The Issuer shall not later than one hundred and fifty (150) days after the end of its financial year, furnish to the Trustee one (1) copy of its annual audited financial statements (including consolidated balance sheet and profit and loss account), and any other accounts, report, notice, circular, statement or other document issued by the Issuer to its members (in their capacity as such).
- (iii) **Other Information:** The Issuer shall promptly provide to the Trustee any information relating to its affairs and the affairs of its Material Subsidiaries to the extent permitted by law, as the Trustee may from time to time reasonably require in order to discharge its duties as trustee under the Trust Deed and the other Transaction Documents.
- (iv) **Compliance Certificate:** The Issuer shall not later than one hundred and eighty (180) days after the end of its financial year provide to the Trustee a certificate signed by an authorized signatory of the Issuer relating to the financial year prior to the relevant date, which certificate shall state the following matters:-
  - a. whether or not the Issuer has observed and performed all its obligations, covenants, terms and conditions and all other provisions under or pursuant to the Notes or the Trust Deed or the other Transaction Documents;
  - b. (in reasonable detail) computations as to compliance with the financial covenants referred to in paragraph 3.1(t)(1) as at the date as at which those financial statements were drawn up;
  - c. whether or not any Event of Default has happened, existed or exists, from the date the Notes were first issued and if in the affirmative to specify the details of such Event of Default.

- (v) **Preparation of Accounts:** it shall and shall ensure that each of the Material Subsidiaries 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 Trustee and any person appointed by it (e.g. auditors), to the extent permitted by law to which the Issuer 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.
- (vi) **Paying Agent:** it shall at all times maintain a Paying Agent with a specified office in Malaysia.
- (vii) **Compliance with Transaction Documents:** it shall promptly comply with the terms and perform and carry out all its obligations under the Notes, the Trust Deed and the other Transaction Documents (including but not limited to redeeming the Notes on the relevant maturity dates or any other date on which the Notes are due and payable) and ensure that it shall immediately notify the Trustee in the event the Issuer is unable to fulfill or comply with any of the provisions of the Transaction Documents.
- (viii) **Immediate Notification:** it shall upon becoming aware, immediately notify the Trustee of the following:-
  - a. any change in the utilization of proceeds from the Notes from that set out in the information memorandum or the Transaction Documents;
  - b. any substantial change in the nature of its business;
  - c. any change in its withholding tax position or taxing jurisdiction; and
  - d. any other matter that may materially prejudice the interests of the noteholders;
- (ix) **Notification by Paying Agent:** it shall procure that the Paying Agent notifies the Trustee in the event that the Paying Agent does not receive, in the manner provided by the Transaction Documents, the monies payable on the due date for payment in respect of the Notes or any of them.
- (x) **Events of Default:** it shall promptly give notice to the Trustee of the occurrence of any Event of Default or of such other right or remedy under the terms, provisions and covenants of the Notes, the Trust Deed and the other Transaction Documents which shall have become enforceable or of any potential Event

of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may be reasonably requested by the Trustee to remedy and/or mitigate the effect(s) of the Event of Default or the potential Event of Default.

- (xi) **Authorisations**: The Issuer shall promptly:
  - a. obtain, comply with and do all that is necessary to maintain in full force and effect; and
  - b. supply certified copies to the Trustee of, any authorisations, consents, approvals, filings or registrations required to enable it to perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation.
- (xii) **Compliance with laws**: The Issuer shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Transaction Documents.
- (xiii) **Legal Existence**: The Issuer shall and shall ensure that the Material Subsidiaries shall do all things necessary to preserve, renew and keep in full force and effect its legal existence and the authorisations, consents and licences which are material to the conduct of its business.
- (xiv) **Insurance**: The Issuer shall and the Issuer shall ensure that the Material Subsidiaries shall maintain and/or cause to be maintained such insurances in respect of its assets and businesses against such risks (including but not limited to third party risks and workmen's compensation) which a prudent company carrying on a business similar to that of the Issuer and the Material Subsidiaries would normally insure.
- (xv) **Change of Business**: The Issuer shall ensure and shall procure that no substantial change is made to the general nature of the business of the Issuer or the Material Subsidiaries from that carried on at the date of the Trust Deed.
- (xvi) **Auditors**: The Issuer shall appoint from time to time such auditor or firm of auditors acceptable to the Trustee and authorise such auditor or firm of auditors to supply the Trustee with a certified copy of any communication sent by such auditor to the Issuer and further to communicate directly with the Trustee at any time in respect of any matter connected with the accounts and operations of the Issuer.

- (xvii) **CMSA and SC**: In addition to and without prejudice to the other provisions of the Trust Deed, limited so far as required by the CMSA, any other relevant legislation and/or so far as directed by the SC of any other relevant authority, the Issuer shall comply with all applicable laws including the provisions of the CMSA and/or the directive, written notices, circulars or guidelines issued by the SC from time to time affecting the Notes (including but not limited to the SC's Trust Deed Guidelines and practice notes issued pursuant to Section 377(1) of the CMSA).

### **3. Negative Covenants**

- (i) **Related Party Transaction**: The Issuer shall not enter into any transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or persons connected with them) unless:-
- a. such transaction shall be on terms that it is no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
  - b. with respect to transactions involving an aggregate payment or value equal to or greater than five per centum (5%) of the percentage ratios prescribed under the Listing Requirements of Bursa Malaysia, as amended from time to time, (unless a mandate has been procured by the Issuer from its shareholders for recurrent related party transactions as prescribed under the Listing Requirements of Bursa Malaysia, as amended from time to time) for purposes of calculating the relevant transactions, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms.

PROVIDED THAT the Issuer certifies to the Trustee that the transaction complies with paragraph (a) above, that the Issuer has received the certification referred to in paragraph (b) above (where applicable) and that the transaction has been approved by the majority of the board of directors or shareholders in a general meeting as the case may require.

- (ii) **Constitutional Documents**: The Issuer shall not change its memorandum and articles of association in a manner which would be inconsistent with the provisions of the Transaction Documents or in a manner which would materially and adversely affect the ability of the Issuer to perform its obligations under the Transaction Documents.
- (iii) **Merger**: The Issuer shall not consolidate or amalgamate with, or merge with or into or transfer all or substantially all its assets to another entity, or enter into any demerger, reconstruction or winding

up of itself unless the successor entity expressly assumes the Issuer's obligations under the Transaction Documents and after giving effect to the transaction, no Event of Default has occurred and is continuing.

- (iv) **Invest Acquire Shares or Debentures:** The Issuer shall not and shall ensure that no other member of the Group shall invest, acquire shares or debentures in or with any company or person (including the creation of any subsidiary) nor acquire or purchase assets if:
  - a. a declaration of an Event of Default has been made under the Trust Deed and is continuing; and
  - b. following such investment or acquisition, an Event of Default would occur.
- (v) **Alteration of Paid Up:** The Issuer shall not decrease or in any way whatsoever alter (other than by way of increase) the authorised or issued 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 save and except for any decrease in its issued capital resulting from the purchase of its own shares pursuant to section 67A of the Companies Act, 1965.
- (vi) **Negative Pledge:** Save and except for the Permitted Security (as defined in paragraph 3.1(v)(h) below), the Issuer 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 Notes on a pari passu basis.
- (vii) **Restriction on Transactions:** The Issuer shall not and shall ensure that no other member of the Group shall enter into any transaction with person, firm or company or establish any exclusive purchasing or sales agency, or enter into any transaction whereby the Issuer or such other member of the Group 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.
- (viii) **Surrender rights:** The Issuer shall not surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Transaction Documents or any of them.
- (ix) **Utilisation of Proceeds:** The Issuer shall not use the proceeds of the Notes for any purpose other than for the purpose set out in the information memorandum or the Transaction Documents.

- (x) **Incur Liability**: The Issuer and the other member of the Group are not allowed to incur additional indebtedness without the Trustee's prior written consent (which consent shall not be unreasonably withheld) save and except for any indebtedness incurred or to be incurred by the Issuer and the other member of the Group for so long as the Financial Covenants referred to in paragraph 3.1(t)(1) are complied with and no Event of Default has occurred and is subsisting ("**Permitted Indebtedness**").

**(u) Provision on buy-back and early redemption of bonds**

**Buy-back**

The Issuer or any of its subsidiaries or agents or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer may, at any time, purchase any outstanding Notes at any price in the open market or by way of private treaty. Any Notes so purchased by the Issuer or any of its subsidiaries or agents acting for the redemption or purchase are to be surrendered for cancellation and shall not be reissued or resold.

Any Notes held by any interested person of the Issuer (who shall include directors, major shareholders and chief executive officers) shall not entitle such interested person to vote at any of the meetings of the noteholders and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the noteholders whenever such determination is required under the Transaction Documents.

**Early Redemption**

The Issuer may at its option redeem all the Notes in a specific series (in whole and not in part) before their respective maturity subject to the Issuer providing a notice to the Trustee and the Facility Agent not less than twenty-one (21) days and not more than sixty (60) days before the date of redemption ("**Early Redemption Date**") notifying the Trustee and the Facility Agent the Early Redemption Date and the series the Issuer wishes to redeem, which shall be at the option of the Issuer.

For avoidance of doubt, a series of Notes is defined as Notes with the same issue date and maturity date.

Early redemption of the Notes shall be at such price based on the formula set out in Appendix 1.

**(v) Other principal terms and conditions for the issue**

a. Status of Notes

The Notes to be issued under the CP/MTN Programme shall constitute direct, unsubordinated, secured, unconditional obligations of the Issuer ranking pari passu in all respects without preference or priority among themselves.

b. Transaction Documents

The Notes shall be evidenced and secured, by the following documents:-

1. Programme Agreement;

	<ol style="list-style-type: none"> <li>2. Subscription Agreement;</li> <li>3. Securities Lodgement Form;</li> <li>4. Trust Deed;</li> <li>5. Tender Panel Agreement;</li> <li>6. Charge and Assignment over the DSRA; and</li> <li>7. Any other legal documentation as advised by the Solicitors.</li> </ol>
c. Redemption	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed by the Issuer at 100% of its nominal value together with interest accrued to the date of redemption on their respective maturity dates.
d. Taxation	All payments shall be made free and clear of all present and future taxes, duties, withholdings or other deductions whatsoever imposed by the government of Malaysia or any political sub-division or tax authority thereof. In the event that any such taxes are in future imposed or if such withholding or deduction is required by law, the Issuer must make such additional payments as are necessary to cause the noteholders to receive the net amount that they would otherwise have received.
e. Default Interest rate	<p>In the event of any overdue payment of any sums due under the Notes, the Issuer shall pay default interest at the rate of one per cent (1%) per annum above the Prescribed Rate, which is defined below:-</p> <ol style="list-style-type: none"> <li>a) In relation to holders of CPs, the applicable yield of the issue of such CPs;</li> <li>b) In relation to holders of MTNs, the coupon rate of the issue of such MTNs.</li> </ol>
f. Other conditions	The CP/MTN Programme shall be at all times subject to such rules and directives (whether or not having the force of law) required of or imposed on the participating financial institution(s) by the SC or any other appropriate authorities.
g. Governing Laws and Jurisdiction	These terms and conditions and the Transaction Documents for the CP/MTN Programme shall be governed by the laws of Malaysia. The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.
h. Definitions	
<b>"Material Adverse Effect"</b>	A material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole; (b) the ability of any of the Issuer to perform its obligations under the Transaction Documents; or (c) the validity or enforceability of the Transaction Documents or the rights or remedies of the Trustee or the noteholders under the Transaction Documents.
<b>"Material Subsidiaries"</b>	at any time, any subsidiary, both present and future, of the Issuer which contributes at least fifteen per cent (15%) to the Group's pre-tax profit based on the then latest available audited and consolidated financial statements of the Issuer at that time.

**"Permitted Security"**

- (i) any liens arising by operation of law or created in the ordinary course of business;
- (ii) pledges created in relation to documentary credits opened in the ordinary course of trading;
- (iii) hire purchase transactions;
- (iv) any security interest created or to be created to secure the Permitted Indebtedness; and
- (v) any other security interest previously disclosed to the Trustee prior to the date of the Trust Deed.

**"Permitted Investment"**

The funds standing to the credit of the DSRA and the Trustee's Reimbursement Account may be placed in permitted investments limited to the following for credit back to the said account:

- (i) Securities guaranteed by the Government of Malaysia;
- (ii) Fixed income securities issued in Malaysia with the approval of the Government of Malaysia by any authority established under federal or state law;
- (iii) Deposits with any financial institution with a minimum credit rating of AA3/P1 and/or AA-/MARC-1 by the rating agency;
- (iv) Money market instruments of a financial institution with a minimum credit rating of AA3/P1 and/or AA-/MARC-1 by the rating agency;
- (v) Other debt or capital market instruments of private entities having a long term rating of at least AAA and short term rating of P1 as determined by RAM Rating Services Berhad or its equivalent by Malaysian Rating Corporation Berhad; and
- (vi) Such other investments approved by the Trustee,

Provided that the maturity of the Permitted Investments in securities shall fall on a date, which is at least five (5) business days before any payment obligations are due and payable under the CP/MTN Programme. However, Permitted Investments in money market instruments of a financial institution and accounts maintained with financial institutions may fall on a date, which is at least two (2) business days before any payment obligations are due and payable under the CP/MTN Programme.

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## INFORMATION ON THE ISSUER AND ITS GROUP OF COMPANIES

### 4.1 Corporate History

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

The Issuer was set up as a special purpose company to facilitate the acquisition of all the business and undertakings of Sunway City and Sunway Holdings, including assets and liabilities. The acquisitions were completed on 18 August 2011.

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

### SUNWAY'S PRESENCE GLOBALLY

	Construction	Property Development	Property Investment	Trading and Manufacturing	Quarry	Building Materials	Healthcare
Malaysia	☑	☑	☑	☑	☑	☑	☑
Singapore	☑	☑		☑			
China		☑		☑		☑	
Australia		☑		☑			
India		☑		☑			
Vietnam			☑		☑		
Indonesia				☑			
Thailand				☑			
Cambodia			☑				

Each of the Issuer'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. With this, the Issuer is well positioned for long term growth in the international business arena.

### 4.2 Key Business Segments

#### Property Development

Sunway's Property Development division is a multiple award winning property developer with a presence in Malaysia, Singapore, China, India and Australia.

As at 30 September 2013, the Property Development division has an undeveloped land bank of approximately 3,800 acres with an estimated Gross Development Value ("**GDV**") of approximately RM56 billion. Sunway Group intends to develop this sizeable land bank to enhance its standing as a leading integrated township developer.

Its ongoing developments include its signature Sunway Resort City, the only integrated township in Malaysia with seven components including retail mall, theme park, hotel, commercial office, hospital, university campus and residence. Other key developments by Sunway include the integrated developments of Sunway Damansara, Sunway Velocity and Sunway City Ipoh. Moving forward, Sunway Group will be looking to also develop self-sustaining, integrated cities in Iskandar Malaysia and Tianjin, China.

Besides integrated developments, the Sunway Group has also developed and completed several boutique residential developments, including Sunway SPK Damansara, Kiara Hills, Sunway Alam Suria, Sunway Palazzio and Sunway Rahman Putra, while ongoing residential developments include Sunway Montana in Taman Melawati, Sunway Eastwood in Seri Kembangan, Sunway Cassia in Penang and Sunway Lenang Heights in Johor Bahru.

In Singapore, the division had successfully launched seven residential projects together with its joint venture partner, Hoi Hup Realty Pte. Ltd. with a total GDV of more than SGD3.1 billion. Future launches in Singapore include the division's first ever commercial project in Singapore at Novena comprising medical suites, retail shops and a hotel with a GDV of approximately SGD900 million and a low rise residential development at Mount Sophia with a GDV of approximately SGD800 million.

As at 30 September 2013, the unbilled sales for the property development division is approximately RM2.2 billion.

### **Property Investment and REIT**

The Property Investment and REIT division manages a portfolio of retail and commercial assets held directly by the Group, or indirectly, via Sunway REIT which is 34.45% owned by Sunway as at 30 September 2013.

**Property Investment** – Located within the integrated development of Sunway Damansara, Sunway Giza is currently the only retail asset directly owned by Sunway after the listing of Sunway REIT in July 2010. Besides retail space, Sunway directly owns two (2) university campuses, namely Sunway University and Monash University, and their respective student accommodation.

**REIT** – Amongst Sunway REIT's assets is Sunway's flagship mall, Sunway Pyramid Shopping Mall which remains as an iconic retail destination located in Bandar Sunway, Selangor with a gross built up of 4.3 million square feet and 1.7 million square feet of nett lettable area. Other retail assets owned by Sunway REIT are Sunway Putra Mall located in central Kuala Lumpur, Sunway Carnival Mall which is strategically located on mainland Penang and a hypermarket located in Sunway City Ipoh. Office buildings owned by Sunway REIT comprise Menara Sunway in Bandar Sunway as well as Sunway Tower and Sunway Putra Tower in central Kuala Lumpur.

### **Hospitality and Leisure**

Sunway's chain of hotels operates under the Sunway Hotels & Resorts brand, with the division managing a range of hotels rated from 3 to 5-star with convention, meeting and exhibition facilities, luxurious villas and serviced apartments. The hotels managed include Sunway Resort Hotel & Spa, Pyramid Tower Hotel, Sunway Putra Hotel and Sunway Hotel Seberang Jaya which are owned by Sunway REIT. In addition, Sunway also owns and manages The Banjaran Hotspring Retreat and Lost World Hotel in Perak and hotels in Georgetown in Penang, Hanoi in Vietnam and Phnom Penh in Cambodia.

The leisure business mainly consists of two (2) theme parks. Sunway Lagoon Theme Park comprises five (5) themed attractions, namely the Water Park, Amusement Park, Wildlife Park, Extreme Park and Scream Park and is an increasingly popular venue to host international concerts and events. In recent years, two new attractions have been introduced at Sunway Lagoon, namely the Waterplexx 5D and the Vuvuzela, which is one of the world's tallest water rides. Meanwhile, the Lost World of Tambun Theme Park, a theme park located in Perak is surrounded by limestone hills and caves with a natural hot spring within the theme park.

### **Construction**

Sunway's construction division is an integrated solution provider in the construction industry, offering turnkey, design and build capabilities with award-winning recognition in the fields of building and infrastructure construction, civil engineering, mechanical and electrical engineering, machinery and site equipment rental, precast concrete products and geotechnical services.

The division's expertise in both civil and building construction was recognised with the Grade G7 Contractor Award and the International Achievement Award garnered in the Malaysian Construction

Industry Excellence Award in 2009 and 2013 respectively, as well as a score of 85% in the Quality Assessment System in Construction (QLASSIC) in 2012 for the Impiana KLCC Hotel extension.

As at 30 September 2013, the outstanding order book for the construction division is approximately RM3.7 billion with about 90% of the order book being domestic contracts. The outstanding order book is envisioned to keep the division busy for the next 2 to 3 years.

#### Completed Major Construction Projects from 2011 to September 2013

- Ministry of Housing and Local Authority and the Ministry of Women, Family and Community Development government buildings in Putrajaya
- PML Dairies factory in Port Klang
- Rihan Heights in Abu Dhabi
- Legoland Malaysia Theme Park development in Johor
- Everley Hotel building and an annexed office block in Putrajaya
- Putrajaya Gas District Cooling Centre
- Upgrading of the Sultan Azlan Shah airport in Ipoh

#### Major Construction Projects Currently Being Undertaken

- Sg Buloh – Kajang (SBK) MRT Line (Package V4)
- Kelana Jaya Light Rail Transit Line Extension (Package B)
- Bus Rapid Transit - Sunway Line
- Pinewood Iskandar Malaysia Studios Facility in Johor
- KLCC North East Car Park in Kuala Lumpur
- Piling and substructure works for a proposed mixed commercial development in KLCC (Package 2)
- Urban Wellness Mixed Development in Johor
- Legoland Malaysia Water Theme Park in Johor
- Sunway Putra Place in Kuala Lumpur
- Sunway Velocity in Kuala Lumpur
- Sunway Pinnacle in Bandar Sunway
- Sunway University New Academic Block in Bandar Sunway

### **Trading and Manufacturing**

The key strength of the trading and manufacturing division is its vast distribution network of 45 branches and warehouses covering Malaysia, Singapore, Indonesia, Thailand, China, Australia, and India. This large geographic footprint facilitates the division to pursue global sourcing, further expand its existing 103 agencies and cater to more than 7,000 customers located in 32 countries. With the replicable nature of this business model, there is potential for further penetration and expansion to new locations.

Another factor for the division's success is its associations with global brand names like DCF TREK and FP Diesel for heavy equipment parts, Furukawa, Airman and SANY for heavy equipment and Stainless Steel Products (SSP), Sanko, Mann, Blago and Copperstate for hoses and fittings. Besides working with the global brands, the division achieves strong brand recognition through its own brands Sunflex and Totalrubber for hoses and fittings, and Suntrak and Sunguard for heavy equipment parts. The division had also recently established 24-hour mobile servicing fleets in Singapore and Malaysia to better serve its customers.

In recent years, the division had ventured upstream into manufacturing track links and other heavy equipment parts via Sunway Daechang Forging (Anhui) Co Ltd, a joint venture with DCF Trek Co Ltd of Korea, and manufacturing of hydraulic couplings and fittings via another joint venture company, Sunway Xin Long (Anhui) Hydraulic Co Ltd. Both operations are located in Anhui, China.

### **Quarry and Building Materials**

The quarry division is one of the largest quarry players in Malaysia with six (6) quarries and eight (8) asphalt plants located strategically all over Peninsular Malaysia.

The experience and reliability of the Issuer's quarry division is evidenced by the selection of the Sunway Group as a vendor of aggregates to the Singapore Government in 2007.

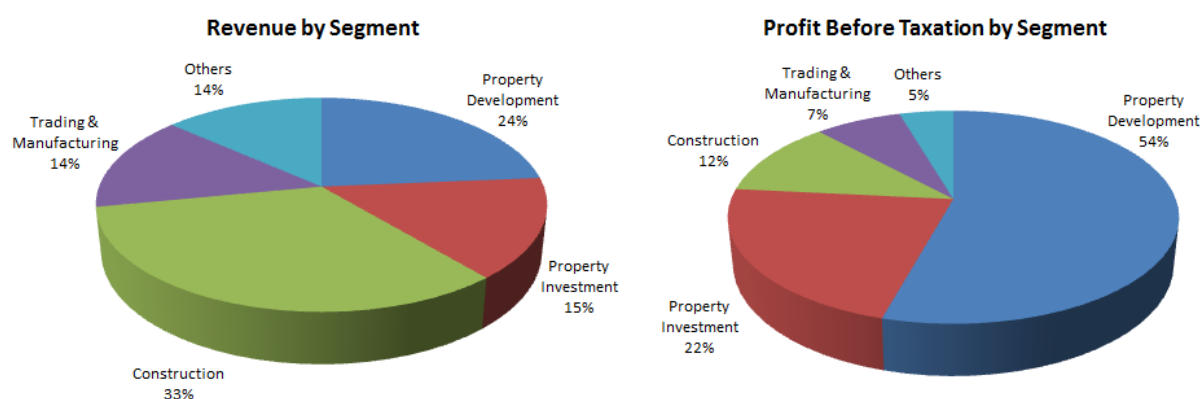
The Issuer's building materials division is well established with approximately 30 years' experience in providing pavement and flooring products and approximately 20 years' experience in the local piping market producing vitrified clay pipes. The pavement and flooring sub-division is the Malaysian market leader and has strategically located plants in Senai, Batang Kali and Nibong Tebal. Its product range includes inter-locking concrete pavers, Eurotiles and Concrete Imprint (Sun-Crete).

Overseas, the division has a paver plant in Shanghai and a spun pile manufacturing facility in Zhuhai, China. The spun pile manufacturing facility has an annual production capacity of 400,000 tonnes and has the capability to produce one of the longest piles in the region.

## Healthcare

Sunway's healthcare division comprises the operator of Sunway Medical Centre, which has 342 beds and offers a comprehensive range of medical services including facilities and medical care for outpatient and inpatient specialty care, health and wellness programme and 24-hour emergency services.

### 4.3 Financial Performance by Segment for the Audited Financial Year Ended 31 December 2012



## 4.4 Major Awards and Recognition

### 1. 2013 June

#### BCI Asia Awards 2013 By BCI Asia Construction Information

This is Sunway Berhad's third consecutive win, which firmly establishes the company as one of Malaysia's Top 10 property developers.

The BCI Asia Top 10 Awards recognises the ten leading design and development enterprises in seven key Asian markets, namely Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam that have made the greatest contribution to the built environment in the prior year.

### 2. 2013 May

#### 2013 – 2014 Asia Pacific Property Awards (APPA) By International Property Awards

Sunway Velocity emerged as 'Best Mixed-Use Development' at the recent 2013 – 2014 Asia Pacific Property Awards (APPA). Sunway Velocity was selected amongst a collection of projects submitted by Asia Pacific companies from 23 different countries.

This is the third APPA award received by Sunway. In 2011, Sunway Vivaldi received the Five-Star Award for Condominium while in 2012, Sunway Rydgeway received the Highly-Commended Award for the Multiple Units Development category.

**3. 2013 April**

**2013 Putra Brand Awards  
By Association of Accredited Advertising Agents of Malaysia (4As)**

Sunway Berhad was a winner at the 2013 Putra Brand Awards, garnering a Silver in the Property Development category. This is the Group's third award, after being accorded the honour at the previous 2010 and 2011 events. The Putra Brand Awards recognises companies with brands that are valued by Malaysians.

**4. 2013 March**

**Malaysian Construction Industry Excellence Awards 2012 (MCIEA)  
By Construction Industry Development Board (CIDB)**

Sunway Construction was awarded the International Achievement Award for the construction of Zayed Sports City Development, Phase 1A in Abu Dhabi. The award was granted at the Malaysian Construction Industry Excellence Awards 2012 (MCIEA) which recognises the top contractors in the country.

**5. 2012 November**

**National Annual Corporate Report Awards (NACRA) 2012  
By Bursa Malaysia Bhd, Malaysia Institute of Accountants and the Malaysia Institute of Certified Public Accountants**

Sunway Berhad was awarded the "Industry Excellence Award" in the Properties & Hotels Category, and the "Silver Award" in the Corporate Social Responsibility Category. This is the sixth consecutive year that Sunway had retained the Industry Excellence Award while it's the first time the Group won the Silver Award in the Corporate Social Responsibility category riding on the back of its first ever Sustainability Report.

In addition, Sunway REIT had also bagged the "Industry Excellence Award" in the Real Estate Investment Trusts & Closed-End Funds Category. The NACRA Awards aim to promote excellence in corporate reporting as well as greater transparency and accountability by organisations in their financial reporting.

**6. 2012 October**

**Malaysia's Most Valuable Brand  
By Association of Accredited Advertising Agents Malaysia (4As)**

Sunway was ranked 20th in Malaysia's Most Valuable Brands ("MMVB") 2012. 2012 was the third year Sunway was listed in the MMVB Top 30 Most Valuable Brands in Malaysia. In 2009, Sunway ranked 29th and in 2008, Sunway ranked 30th, demonstrating the continuous growth in the value of the Sunway brand.

MMVB promotes the role of brands as an engine of economic growth and national wealth generation through the corporate sector. It measures the financial value of brands originating from Malaysia, which are owned by public listed companies.

**7. 2012 October**

**The Edge Malaysia Top Property Developers Awards 2012  
By The Edge Malaysia**

Sunway emerged second at The Edge's Top Property Developers Award 2012, nudging up a spot from third place last year. The 2012 edition marks the award's tenth year anniversary with

Sunway being a fixture in the top ten of the Top Property Developers Awards for all ten consecutive years.

**8. 2012 October**

**Malaysia Greentech Awards**

**By Ministry of Energy, Green Technology and Water Malaysia and Malaysian Green Technology Corporation**

Sunway received the Gold Award for the Developer Category – Commercial Sector in Malaysia Greentech Awards. This award highlights the exemplary establishments that emphasize on aspects of renewable energy, research and development, sustainability, communications and innovations which are vital in the transformation of the future of green technology.

**9. 2012 August**

**Quality Assessment System in Construction (QLASSIC)**

**By Construction Industry Development Board Malaysia**

The Impiana KLCC Hotel extension which was built by Sunway Construction has achieved a score of 85% in the Quality Assessment System in Construction (QLASSIC), with the score being among the highest scores to date for all categories of Malaysian construction projects.

QLASSIC is an independent and objective method to measure and evaluate the workmanship quality of construction works based on the relevant approved standards. A high QLASSIC score means that a building has good quality workmanship and construction. The scope of the assessment includes architectural works, external works and basic M&E fittings.

**10. 2012 June**

**Green Building Index**

**By Pertubuhan Akitek Malaysia (PAM) and the Association of Consulting Engineers Malaysia (ACEM)**

Sunway Resort City was accorded the Silver Award by the Green Building Index certification, officially becoming Malaysia's first green township development. The minimum requirement to be recognised as a sustainable township was to have at least 15% of the township be green.

**11. 2012 May**

**FIABCI Prix d'Excellence Awards 2012**

**By International Real Estate Federation (FIABCI)**

The Banjaran Hotsprings Retreat has emerged winner of the Resort Development Category in the international FIABCI Prix d'Excellence Awards 2012 held in Russia. This follows the resort's win in the same category at the FIABCI Malaysia Property Awards in 2011. It is the second consecutive year that a Sunway property has won at the Prix d'Excellence, after Sunway Pyramid shopping mall triumphed in the Retail Development Category at FIABCI Prix d'Excellence 2011.

**12. 2012 April**

**Asia Pacific Hotel Awards 2012**

**By International Hotel Awards**

The Banjaran Hotsprings Retreat added another feather to its cap when it received awards for Best Sustainable Hotel for Malaysia and Best Sustainable Hotel for Asia-Pacific at the International Hotel Awards Asia Pacific 2012-2013. The award recognises The Banjaran's sustainable practices.

### 13. 2012 April

#### **Global Reporting Initiative (GRI) A+ Rating By Global Reporting Initiative (GRI)**

Sunway's first ever Sustainability Report, which covers the company's responsibilities to stakeholders and its ongoing commitment to transparency and accountability, was awarded an A+ rating by Global Reporting Initiative (GRI), representing the highest standard of application level and its full compliance with the stringent indicators.

### 4.5 Board of Directors and their profiles

As at 30 September 2013, the Issuer's Board of Directors ("**Board**") consists of seven (7) directors. Set out below are brief biographies of each of the directors.

#### **Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO** *Executive Chairman, Non-Independent Executive Director*

Tan Sri Jeffrey Cheah, aged 68, is the Founder and Executive Chairman of Sunway. A business graduate of Victoria University in Melbourne, and Fellow of the CPA Australia, he began his career as an accountant at a motor assembly plant in Malaysia.

Tan Sri Jeffrey Cheah started the Sunway Group with a vision and took a desolate abandoned tin mine as an opportunity to create something of value to the community and also as a template in the rehabilitation of an abandoned derelict site.

In 1990, he started to build a theme park at the mine using water in the mining pool as a feature and built around it, over a 30 year span, a complete green eco property development comprising universities and schools, hospital, residential properties, hotels, service apartments, a shopping mall and now to complete the picture, 5-star offices.

Along with it, he designed a network of roads, access highways and landscaping walkways culminating in an elevated Bus Rapid Transit System connecting Bandar Sunway to a LRT and a train station.

For his efforts in nation building and bringing Malaysians up-market urban lifestyles and in introducing world class universities to Malaysia, Tan Sri Jeffrey Cheah has been conferred 8 honorary doctorates by leading universities worldwide.

In 2007, he established the eponymous "Jeffrey Cheah Foundation" and in 2009, he transferred the entire ownership of Sunway Education Group Sdn Bhd together with its subsidiaries worth more than RM700 million to HSBC (Malaysia) Trustee Berhad, which holds in trust for the Jeffrey Cheah Foundation. Sunway Education Group Sdn Bhd comprises, inter alia, Sunway University, Sunway College, Monash University Sunway Campus, Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. Jeffrey Cheah Foundation was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of the Foundation's patron, His Royal Highness Sultan of Selangor. Besides transferring all his shares of the educational institutions to the Jeffrey Cheah Foundation, he further contributed RM20 million to the Foundation. The Jeffrey Cheah Foundation is one of the biggest private social enterprise in Malaysia and to-date, RM102 million worth of scholarship have been awarded to more than 13,000 students.

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

In 2008, Tan Sri 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 Minister of Unity, Culture, Arts and Heritage. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Institute.

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

- 2007
  - Monash University School of Medicine and Health Sciences was named after Tan Sri Jeffrey Cheah in appreciation of his contribution to Monash University Sunway Campus and Malaysia-Australia bilateral ties.
- 2006
  - His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University.
- 2002
  - Deputy President of National Kidney Foundation of Malaysia.
  - First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.
- 1999
  - Founding Trustee of Malaysian Liver Foundation.
- 1997
  - President of Malaysian Hakka Association (until 2004).
  - Council Member of Financial Reporting Foundation.
- 1996
  - Appointed by the Minister of Education to the Higher Education Council of Malaysia.
  - Appointed Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.
  - EXCO Member of Malaysian Tourism Action Council.
- 1990
  - Appointed Director of National Productivity Centre.

Other awards bestowed upon Tan Sri 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 Jeffrey Cheah was appointed to the Board of Sunway on 22 November 2010 and he also serves as a Member of the Remuneration Committee.

His directorships in other public companies are ASLI Foundation, Jeffrey Cheah Foundation, Mahathir Science Award Foundation, Razak School of Government and Perdana Leadership Foundation.

#### **Datuk Seri Razman M Hashim**

*Deputy Executive Chairman, Non-Independent Executive Director*

Datuk Seri Razman, aged 74, is the Deputy Executive Chairman of Sunway. He 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, 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 office 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.

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

His directorships in other public companies are ASLI Foundation, Jeffrey Cheah Foundation, SILK Holdings Berhad, Berjaya Land Berhad, MAA Group Berhad, MAA Takaful Berhad and Mycron Steel Berhad. He is the Alternate Trustee to Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling in Perdana Leadership Foundation.

**Dato' Chew Chee Kin**

*President, Non-Independent Executive Director*

Dato' Chew, aged 67, is the President of Sunway. He 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 Sunway Group in 1981 as the Group General Manager (Operations) and was 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.

His directorships in other public companies are ASLI Foundation and Gopeng Berhad.

**Sarena Cheah Yean Tih**

*Executive Director, Non-Independent Executive Director*

Sarena Cheah, aged 38, is an Executive Director of Sunway. She graduated from University of Western Australia with a Bachelor of Commerce (Accounting and Finance) Degree in 1994. She also obtained a Master Degree in Business Administration from Melbourne Business School in 2001.

Ms Sarena Cheah has been with Sunway Group since 1995, starting her career in the Corporate Finance and Group Internal Audit divisions. In 2000, she left to pursue her Master Degree in Business Administration at Melbourne Business School. Upon her return, she joined the Education and Healthcare divisions as Business Development Manager. In 2003, she rejoined the Corporate Finance division to lead the asset-backed securitisation exercise for Sunway City Berhad. In 2006, she became the Sales & Marketing General Manager in the Property Development division before holding the position as the Director of Strategy & Corporate Development in 2009. Thereafter, she assumed the position as the Executive Director of Strategy & Corporate Development in August 2011. Effective 1 May 2013, she was appointed as Managing Director of Strategy & Corporate Development as well as Joint Managing Director of Property Development Division, Malaysia/Singapore.

Ms Sarena Cheah was appointed to the Board of Sunway on 18 November 2010. She is also a Board Member of Sunway REIT Management Sdn Bhd, the Manager of Sunway Real Estate Investment Trust.

Her directorships in other public companies are SunReit Capital Berhad, SunReit Unrated Bond Berhad and Sunway Lagoon Club Berhad.

**Wong Chin Mun**

*Independent Non-Executive Director*

Wong Chin Mun, aged 69, is an Independent Non-Executive Director of Sunway. He graduated with Bachelor of Business (Accounting) Degree and Bachelor of Business (Secretarial Administration) Degree from Curtin University, Australia 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 Institute 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 a Council Member of Federation of Malaysian Manufacturers and the Chairman of both the Business Ethics and Building Committees.

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

His directorship in other public company is Khind Holdings Berhad.

### **Lim Swe Guan**

*Independent Non-Executive Director*

Lim Swe Guan, aged 59, is an Independent Non-Executive Director of Sunway. He 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 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 and Remuneration Committees.

He has no directorship in other public companies in Malaysia.

### **Datuk Seri Yam Kong Choy**

*Independent Non-Executive Director*

Datuk Seri Yam, aged 60, is an Independent Non-Executive Director of Sunway. He had an illustrious career spanning more than 30 years in the construction, real estate and corporate sectors with the last 12 years until 2008 helming 2 different award winning public listed property companies as their Chief Executive Officer

During his stewardship of these 2 companies and prior to that in top management positions with various organizations, he was actively involved in the development and management of hotels, resorts, shopping malls, golf estates, international schools and various mixed developments not only in Malaysia but also in Australia, United Kingdom and South Africa.

After stepping down from full time employment, in 2009 he established a private equity, corporate and project management consultancy known as Impetus Alliance Advisors Sdn Bhd to provide advisory services to the industry. He is currently appointed as an independent director on the Boards of Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Bank, Paramount Corporation Berhad and Government Incorporated Companies CLAB Berhad and Malaysia Property Incorporated. He is a director of the British Malaysian Chamber of Commerce, a trustee for the Standard Chartered Foundation and until recently the only Asian elected onto the Board of Trustees of UK based Chartered Institute of Building. He is the current President of the Real Estate and Housing Developers Association of Malaysia, Chairman of the Malaysian Developers' Council and a member of the Advisory Board to the Mayor and City of Kuala Lumpur. He was also recently appointed as the Chairman of InvestKL Corporation and serves as a member of the NKEA Steering Committee for the transformation of Greater Kuala Lumpur and Klang Valley apart from being an independent non-executive director of Kwasa Land Sdn Bhd, a wholly owned subsidiary of EPF.

Datuk Seri Yam qualified as a Fellow of the Chartered Institute of Building and also a Fellow of the Royal Institution of Chartered Surveyors after he graduated in Building and Management Studies from the

University of Westminster, UK in 1979. He was also a one time committee member of the Old Putera Association, his alumni. He was awarded the prestigious “CEO of the Year” Award by Business Times and American Express Corporate Services in 2002.

Datuk Seri Yam was appointed to the Board of Sunway on 17 July 2013 and he also serves as a Member of the Audit Committee, Nomination Committee and Remuneration Committee.

#### 4.6 Share Capital and substantial shareholdings

##### (a) Share Capital as at 30 September 2013

Authorised Share Capital RM10,000,000,000.00  
divided into 10,000,000,000 Shares

Issued and Fully Paid-Up Share Capital RM1,723,489,001  
divided into 1,723,489,001 Shares

##### (b) Substantial shareholders and their shareholdings as at 30 September 2013

Substantial Shareholder	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	72,484,139	4.21	814,610,802 <sup>(1)</sup>	47.27
Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	887,094,941 <sup>(2)</sup>	51.47
Sarena Cheah Yean Tih	577,274	0.03	886,384,299 <sup>(3)</sup>	51.43
Evan Cheah Yean Shin	134,357	0.01	886,383,310 <sup>(4)</sup>	51.43
Sungei Way Corporation Sdn Bhd (“SWCSB”)	767,199,999	44.51	-	-
Active Equity Sdn Bhd	-	-	767,199,999 <sup>(5)</sup>	44.51
GIC Private Limited for Government of Singapore	210,666,665	12.22	-	-

#### Notes:

(1) Deemed interest by virtue of Section 6A of the Act, held through Active Builder Sdn Bhd, Jef-San Enterprise Sdn Bhd, SWCSB and children.

(2) Deemed interest by virtue of Section 6A of the Act, held through Jef-San Enterprise Sdn Bhd, spouse and children.

(3) Deemed interest by virtue of Section 6A of the Act, held through Active Builder Sdn Bhd, SWCSB, spouse and parents.

(4) Deemed interest by virtue of Section 6A of the Act, held through SWCSB and parents.

(5) Deemed interest by virtue of Section 6A of the Act, held through SWCSB.

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#### 4.7 Group Corporate Structure

The group corporate structure of the Sunway Group as at 30 September 2013 is set out in Appendix 2 of this Information Memorandum.

#### 4.8 Key Financial Highlights of the Sunway Group

Set out below are the key financial highlights of the Sunway Group for the financial year ended 31 December 2012:

	<b>Financial year ended 31.12.2012 RM'000 (audited)</b>
<b><u>Income Statement</u></b>	
Revenue	3,849,215
Profit before taxation (" <b>PBT</b> ")	722,942
Profit/(loss) after taxation	597,560
Minority interests	66,935
Profit/(loss) after taxation and minority (" <b>PATMI</b> ")	530,625
<b><u>Balance Sheet</u></b>	
Total assets	8,983,474
Total borrowings	2,756,434
Paid-up share capital	1,292,505
No. of shares in issue ("000)	1,292,505
Shareholders' equity	3,576,641
<b><u>Key Financial Indices</u></b>	
Pre-tax profit margin (%)	18.78%
Basic earnings/ (loss) per share (sen)	41.05
Diluted earnings/ (loss) per share (sen)	41.05
Net assets per share (sen)	276.72
Net tangible assets per share (sen)	251.54
Current ratio (times)	1.24
Net gearing ratio (times)	0.45

**Notes:**

- Pre-tax profit margin (%) : PBT divided by Revenue
- Basic earnings / (loss) per share (sen) : PATMI divided by weighted average number of shares
- Diluted earnings / (loss) per share (sen) : PATMI divided by adjusted weighted average number of shares after dilution
- Net asset per share (sen) : Shareholders' equity divided by number of shares issued
- Net tangible assets per share (sen) : (Shareholders' equity less goodwill less rock reserves) divided by number of shares issued
- Current ratio (times) : Current assets divided by current liabilities
- Net gearing ratio (times) : (Total borrowings less deposits, bank and cash balances) divided by shareholders' equity

In conjunction with the above and for information on Sunway's prior period financials, readers may also refer to Sunway's 2011 Annual Report and 2012 Annual Report (collectively, the "**Annual Reports**") for the consolidated financial information. The Annual Reports can be found on Sunway's Investor Relations website at <http://ir.chartnexus.com/sunway/> or on Bursa Securities' website.

## INVESTMENT CONSIDERATIONS

*The purchase of the Notes 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 Notes. The following is a summary of certain aspects of the issue about which prospective holders of the Notes 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 Notes 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 CP/MTN Programme will carry different risks and all investors should evaluate each issuance of the Notes 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

#### 5.1.1 Reliance On Issuer's Group Of Companies

The Issuer 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 Notes. Its subsidiaries and associate companies are separate legal entities and have no obligations with respect to the Notes. 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 Notes 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 also 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.

#### **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 which focus on specific niche markets, continuous sourcing for viable land banks in strategic areas, adhering to timely delivery commitment and emphasis on after sales service. In addition, the division works with financial institutions to arrange innovative financing packages that will appeal to property investors and home buyers.

**(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**

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

Sunway's property development division continues to build on the Sunway Group's branding as an integrated developer with a growing presence in various countries and with renowned delivery capabilities in terms of both reliability and quality. Its key management is actively involved in sourcing for strategic land banks and development strategies.

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.

## ***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 and Wisma SunwayMas. 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.

## ***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.

***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.

***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) Lease 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.

## ***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'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.

## ***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**

#### ***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.

### ***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.

### ***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.

### ***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. As far as possible, Sunway Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some 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.

### ***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.

### ***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.

### ***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 Notes**

### ***Issuer's Ability To Meet Its Obligation Under The Notes***

The Notes represent the direct and secured obligations of the Issuer and shall be payable out of the Issuer's own funds. In this regard, the redemption of the Notes depends on the cash flow availability at the Issuer's level. The Notes will not be the obligations and responsibilities of any other person other than the Issuer. In particular, the Notes will not be the obligations or responsibilities of, or guaranteed by any of the Principal Adviser/Lead Arranger, the Joint Lead Managers, the Facility Agent, the Trustee or any subsidiary or affiliate thereof or any other person involved or interested in the transaction envisaged under the CP/MTN Programme. None of such persons will accept any liability whatsoever to the holders of the Notes in respect of any failure by the Issuer to pay any amount due under the CP/MTN Programme. The Notes are, however, secured by a charge and assignment by the Issuer in favour of the Trustee over the debt service reserve account and all monies standing to the credit therein.

### ***Rating***

It is a condition for the establishment of the CP/MTN Programme that the CP/MTN Programme be rated. The rating accorded to issuances to CPs is P1 and MTNs is A2. The CP/MTN Programme is subject to rating reviews by the rating agency annually.

A rating is not a recommendation to buy, hold or sell the Notes 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 CP/MTN 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 CP/MTN Programme. If the ratings initially assigned to the CP/MTN 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 Notes. Any downgrade or

withdrawal of a rating may have an adverse effect on the liquidity and the market price of the Notes. Any reduction or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to repay the Notes.

### ***Each Issue Carries Different Risks***

The purchase of the Notes 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 Notes. Each issue of Notes under the CP/MTN Programme will carry different risks and all potential investors are strongly encouraged to evaluate each Notes issuance on its own merit.

### ***Interest Rate***

As the Notes is a fixed income security, the price of the Notes 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 Notes may fall. Conversely, when interest rates fall, the expected yield may fall and the price of the Notes may rise.

### ***Liquidity***

The Notes comprise a new issue of securities for which no secondary market for the Notes currently exists and in the event that a secondary market for the Notes 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 Notes, the liquidity or sustainability of any market that may develop, the ability of the holders of the Notes to sell their Notes, or the prices at which such holders may be able to sell their Notes. There is also no assurance that the price of the Notes will not be adversely affected by similar issues of private debt securities.

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

## **5.3 General Considerations**

### ***Change of Law***

The structure of the CP/MTN Programme and the issue of the Notes 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 CP/MTN Programme and the treatment of the Notes.

### ***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.

## INDUSTRY OVERVIEW

***The following paragraphs are extracted from various sources as identified below. None of the Issuer, the Principal Adviser/Lead Arranger or the Joint Lead Managers 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 Second Quarter of 2013

While domestic demand in Malaysia has remained strong, the prolonged weakness in the external sector has affected the overall growth performance. In the second quarter, the Malaysian economy expanded by 4.3% (1Q 2013: 4.1%). Private consumption continued to expand, while the growth in gross fixed capital formation was supported by investment activities of the private sector and public enterprises. Exports registered a larger decline, amid weakness across most export products.

On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.4% (1Q 2013: -0.4%). Domestic demand expanded by 7.3% in the second quarter (1Q 2013: 8.2%), spurred by sustained expansion in both household and business spending, and continued support from the public sector.

Private consumption expanded by 7.2% in the second quarter (1Q 2013: 7.5%), supported by stable employment conditions and sustained wage growth in the domestic-oriented sectors. Public consumption growth improved 11.1% (1Q 2013: 0.1%), reflecting mainly higher Government spending on supplies and services, and sustained spending on emoluments.

Gross fixed capital formation continued to expand (6%; 1Q 2013: 13.1%), reinforced by private sector capital spending. Private sector investment grew by 12.7% (1Q 2013: 10.8%), led by capital spending in the consumer-related services subsectors such as telecommunication and real estate, the ongoing implementation of infrastructure projects and capacity expansion in the oil and gas sector. Meanwhile, public investment declined by 6.4% (1Q 2013: 17.3%). Continued expansion in capital spending by public enterprises, particularly in the oil and gas sector, telecommunications and utilities sectors, was outweighed by lower Federal Government development expenditure. By type of assets, investment activity was driven mainly by structures investment (10.9%; 1Q 2013: 12.9%), while growth in machinery and equipment declined (-0.5%; 1Q 2013: 15.1%).

*(Source: Quarterly Bulletin, Second Quarter 2013, Bank Negara Malaysia)*

#### 6.1.2 Malaysia's Economic Outlook for 2013

Economic activity is expected to be firmer in the US and Japan amid rising business and consumer sentiments. Growth in the euro area is likely to turn positive with stronger growth in Germany, although downside risks remain due to the ongoing fiscal and financial problems as well as high unemployment. At the same time, China's slowdown is expected to continue while India has been affected by capital outflows.

On the domestic front, the Malaysian economy is expected to continue on a steady growth trajectory in the second half of 2013. This was reflected by the Leading Index, which grew by an average of 2.8% in the first six months of 2013. Domestic demand, particularly private consumption and high investment activities, are expected to drive the economy. On the supply side, growth will be broad-based across all sectors, underpinned by resilient domestic demand amid an improving external sector.

*(Source: Malaysian Economy, Second Quarter 2013, Ministry of Finance Malaysia)*

#### 6.1.3 Overview and Outlook of the Construction and Property Sector and in Malaysia

The construction sector posted a strong growth of 18.5% in 2012 (2011: 4.6%), the fastest pace since 1995. This was underpinned by robust construction activity in the civil engineering and residential subsectors. Reflecting the buoyant construction activities, the total value of construction works rose 24.6% to RM38.1 billion during the first half of 2012. The private sector contributed 69.8% of the total value of construction works.

The civil engineering subsector registered a sterling growth of 27.5% in the first half of 2012, supported by the implementation of large infrastructure projects such as the electrified double-tracking between Ipoh-Padang Besar, Jabur-Kuala Terengganu of East Coast Expressway Phase 2, Second Penang Bridge, Besraya Eastern Extension and light rail transit (“LRT”) extension projects. Growth was also boosted by the ongoing projects under the National Key Result Area (“NKRA”) on oil and gas such as the Kimanis Power Plant and liquefied natural gas (“LNG”) Regasification Terminal, Melaka as well as rural infrastructure development, particularly in Sabah and Sarawak.

The residential subsector expanded significantly by 22% during the first half of 2012 supported by strong demand for housing and investment purposes arising from higher household disposable income. Additionally, improved accessibility following the development of infrastructure projects further stimulated the demand for houses, especially in the suburban areas. Taking advantage of the government’s continuous efforts to increase home ownership, developers are embarking on building more affordable homes. This new residential supply will add to the existing affordable homes and match the growing demand for affordable residential houses.

In terms of demand, the take-up rate of newly launched residential units improved to 17.6% (January – June 2011: 10.3%). Consequently, total properties transacted increased 1.1% to 217,160 transactions valued at RM69.1 billion (January – June 2011: 18.2%, RM64.6 billion) with the residential sector accounting for 63% of the total number of transactions and 48% of the total value transacted. In tandem with the better performance of new launches, the residential overhang declined 32% or a total value of RM3.8 billion during the first half of 2012 (January – June 2011: -1.4%, RM4.7 billion). Kuala Lumpur continued to record the highest average all-house price at RM491,388 followed by Selangor (RM364,722) and Pulau Pinang (RM261,601).

The non-residential subsector grew 12.8% during the first half of 2012 largely driven by construction of industrial buildings, particularly in the Samalaju Industrial Park, Sarawak and shophouses. Industrial building starts increased 47.8% to 501 units. Overall occupancy rate in the various segments of commercial buildings remained steady, reflecting the strong domestic economic activities. The occupancy rate in the shopping complex segment remained high at 80%, reflecting strong retail activities and robust private consumption during the first half of 2012.

The non-residential subsector is expected to expand, spurred by the industrial building segment and the commencement of construction of the Tun Razak Exchange. The residential subsector is also projected to expand, albeit at a moderate pace, after recording several years of strong growth. Key housing development projects, particularly in Sungai Buloh and Bandar Malaysia in Sungai Besi, which are expected to commence in 2013, will support residential construction activities.

For 2013, the construction sector is envisaged to expand strongly by 11.2% (2012: 15.5%), with all subsectors registering steady growth. This sector is expected to benefit from the acceleration of ongoing construction activities, particularly from the ETP and second rolling plan for construction-related projects under the Tenth Malaysia Plan. Of significance, exploration activities in oil and gas industries and major projects such as the electrified double-tracking between Ipoh-Padang Besar, Jabur-Kuala Terengganu of East Coast Expressway Phase 2, MY Rapid Transit (“MRT”) and the River of Life are expected to drive the growth of the civil engineering subsector.

*(Source: Chapter 3: Economic Performance Prospects, Economic Report 2012/2013, Ministry of Finance Malaysia and Economic and Financial Developments in Malaysia in the Fourth Quarter of 2012, Bank Negara Malaysia, published on Bank Negara Malaysia’s website <http://www.bnm.gov.my>)*

## **6.2 Singapore**

### **6.2.1 Singapore Economy in Second Quarter of 2013**

The Singapore economy grew by 3.8 per cent on a year-on-year basis in the second quarter of 2013, compared to 0.2 per cent in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 15.5 per cent, significantly higher than the 1.7 per cent expansion in the previous quarter. The acceleration in the quarter-on-quarter growth momentum was mainly due to robust growth in the manufacturing, wholesale & retail trade, transportation & storage, and finance & insurance sectors.

On a year-on-year basis, the manufacturing sector grew by 0.2 per cent, reversing the 6.7 per cent decline in the previous quarter. Growth was mainly supported by the biomedical manufacturing and electronics clusters. On a quarter-on-quarter basis, the manufacturing sector expanded at an annualised rate of 32.1 per cent, a sharp rebound from the 12.1 per cent contraction in the previous quarter.

The construction sector grew by 5.1 per cent on a year-on-year basis, marginally lower than the 5.8 per cent growth in the preceding quarter. The expansion was underpinned by robust construction activities in the private sector. On a quarter-on-quarter basis, the sector expanded at an annualised rate of 11.2 per cent, faster than the 10.3 per cent growth in the preceding quarter.

The wholesale & retail trade sector expanded at a much faster pace of 5.6 per cent on a year-on-year basis, compared to the 0.2 per cent growth in the previous quarter. This was largely due to an expansion in the wholesale trade segment, which was supported by an increase in electronics re-exports. On a quarter-on-quarter basis, the sector grew at an annualised rate of 22.1 per cent, in contrast to the 2.6 per cent contraction in the preceding quarter. The transportation & storage sector grew by 2.5 per cent on a year-on-year basis, on the back of better performance in the water transport segment. This was a reversal from the 0.9 per cent contraction in the previous quarter. On a quarter-on-quarter annualised basis, the sector grew by 19.6 per cent, a rebound from the 9.8 per cent decline in the preceding quarter.

The finance & insurance sector expanded by 13.1 per cent on a year-on-year basis, after growing by 10.6 per cent in the previous quarter. Growth was supported by strong performances in the financial intermediation and sentiment sensitive clusters. On a quarter-on-quarter annualised basis, the sector grew by 9.2 per cent, following the surge of 51.2 per cent in the preceding quarter. The business services sector grew by 3.7 per cent on a year-on-year basis, supported by growth in the real estate and professional services segments. On a quarter-on-quarter annualised basis, the sector expanded by 4.0 per cent.

On a year-on-year basis, growth in the accommodation & food services sector picked up slightly to 3.2 per cent from 2.6 per cent in the previous quarter, as visitor arrivals remained healthy. "Other services" industries grew by 1.7 per cent, reversing the 1.6 per cent decline in the preceding quarter. On a quarter-on-quarter annualised basis, the accommodation & food services sector grew by 4.4 per cent, while "other services" industries grew by 5.4 per cent.

*(Source: Press Release, Economic Survey of Singapore Second Quarter 2013, Ministry of Trade and Industry Singapore, 12 August 2013)*

### **6.2.2 Singapore's Economic Outlook for 2013**

While economic growth in the advanced economies came in slightly weaker than expected in the first half of the year, global macroeconomic conditions are expected to pick up gradually in the second half. In the US, the economy is expected to grow modestly, supported by private domestic demand. While the Eurozone is expected to remain in recession, improving sentiments and economic activity point to a potential easing of the downturn in the coming months. In Asia, the growth outlook for China looks fragile as recent policies to rein in credit expansion could potentially weigh on investment growth. For the ASEAN economies, growth is likely to remain modest, supported by resilient domestic demand.

Against this macroeconomic backdrop, the growth outlook for the Singapore economy is expected to improve slightly. Externally-oriented sectors like manufacturing and transportation & storage are likely to provide support to growth, in line with the gradual pickup in the global economy. Domestically-oriented sectors such as construction and business services are also expected to remain resilient.

*(Source: Press Release, Economic Survey of Singapore Second Quarter 2013, Ministry of Trade and Industry Singapore, 12 August 2013)*

### **6.2.3 Overview and Outlook of the Construction and Property Sector in Singapore**

For the whole of 2012, the construction sector expanded by 8.2%, faster than the growth of 6.3% in 2011. Total construction output (or certified payments) increased by 7.1% on the back of strong private sector construction activities. For the full year, total construction demand declined by 21% to \$28 billion (equivalent to approximately RM70.0 billion). This was due primarily to the high base in 2011 when contracts awarded reached \$35 billion (equivalent to approximately RM87.5 billion), just short of the record high of \$36 billion (equivalent to approximately RM90.0 billion) set in 2008.

For 2012, public sector construction demand declined by 39% to \$9.3 billion (equivalent to approximately RM23.3 billion). Demand was supported primarily by the institutional building segment which saw a 46% increase in the value of contracts awarded to \$3.5 billion (equivalent to approximately RM8.8 billion). Meanwhile, public sector construction output grew by 4.8% to \$12 billion (equivalent to approximately RM30.0 billion), supported by on-site construction activities for public housing (19%) and institutional and other building projects (9.1%). By contrast, public sector industrial construction output fell by 11% in 2012, largely due to the high base in 2011. Similarly, civil engineering construction output contracted by 1.9%, although the level of output remained healthy at \$5.3 billion (equivalent to approximately RM13.3 billion), supported by new rail construction such as the Downtown Line Stages 2 & 3, Tuas West Extension and other projects like Marina Coastal Expressway and Jurong Rock Cavern (Phase 1).

In 2012, private sector construction demand fell by 7.1% due to the high base in 2011 when contracts awarded reached a record of \$20 billion (equivalent to approximately RM50.0 billion). Despite the contraction in growth, the level of private sector construction demand remained relatively strong, at \$19 billion (equivalent to approximately RM47.5 billion). Demand was supported by residential building demand, which amounted to a healthy \$7.7 billion (equivalent to approximately RM19.3 billion) as developers accelerated residential property launches and developments to ride on the strong buying momentum. Similarly, industrial building construction demand remained firm on the back of a few major engineering, procurement and construction projects in the chemicals cluster. At the same time, civil engineering construction demand reached a historical high of \$2.6 billion (equivalent to approximately RM6.5 billion) in 2012, with the various contracts awarded by SP Power assets for the construction of underground transmission cable tunnels. Private sector construction output expanded by 8.7% to \$19 billion (equivalent to approximately RM47.5 billion). Robust residential (8.2%), industrial (26%) and civil engineering (14%) projects supported growth. By contrast, private commercial construction output declined by 7.5% due to the lower volume of commercial building contracts awarded in 2011. Institutional building construction output also fell 12%, primarily due to the high base in 2011 arising from the construction of the Singapore Sports Hub.

Building and Construction Authority forecasts total construction demand in 2013 to be between \$26 billion (equivalent to approximately RM65.0 billion) and \$32 billion (equivalent to approximately RM80.0 billion). Demand from the public sector is likely to strengthen to between \$14 billion (equivalent to approximately RM35.0 billion) and \$17 billion (equivalent to approximately RM42.5 billion) (or about 53% of total construction demand). The stronger demand is due to an expected ramp-up in public housing demand and also the anticipated award of major construction contracts for the Thomson MRT Line. On the other hand, private sector demand is expected to moderate to between \$12 billion (equivalent to approximately RM30.0 billion) and \$15 billion (equivalent to approximately RM37.5 billion), due to the subdued economic outlook for 2013. Total construction output in 2013 is projected to rise to between \$31 billion (equivalent to approximately RM77.5 billion) and \$33 billion (equivalent to approximately RM82.5 billion), as the high level of contracts awarded in 2011 along with sustained levels of demand in 2012 and 2013 continue to translate into on-site construction activities.

*(Source: Chapter 8.2, Economic Survey of Singapore 2012, 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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## GENERAL INFORMATION

### 7.1 Material litigation

Save as disclosed below, as at the date of this Information Memorandum, the Issuer and its group of companies are not 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. 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.

- (a) Pursuant to an agreement entered into between Sunway Construction Sdn Bhd ("**SunCon**"), our subsidiary, 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 has entered into a work order for some portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd ("**Shristi**"). The total value of the work order was to the tune of INR1,34,37,91,938 (equivalent to approximately RM72.70 million). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

However, Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of INR.11,72,97,625.28 (equivalent to approximately RM6.35 million) from the encashment of the bank guarantees.

Shristi filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The arbitrator has entered upon the reference to arbitration and Shristi has filed its claim statement claiming a sum of INR89,14,55,047.83 (equivalent to approximately RM48.23 million). In response to Shristi's claim, SunCon has filed its counterclaim for a sum of INR78,13,94,628.61 (equivalent to approximately RM42.27 million).

The arbitration at present cannot proceed due to the demise of the sole arbitrator, Mr. H.L. Agarwal on 11 January 2012, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi's first witness was being cross-examined. No proceedings can take place unless the tribunal is re-constituted. As at the date of this Information Memorandum, the arbitration tribunal has not been re-constituted.

The counsel for SunCon is of the view that it is difficult at this stage to opine on the probable outcome of the proceedings. Much will depend on the nature of evidence which the parties may produce. However, it seems that most of the contentions/claims raised by Shristi are frivolous and unsubstantiated.

- (b) Sunway City, our subsidiary, had appointed Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("**SPYTL**") as the main contractor to carry out and complete the earthworks, piling and main building works via a main building contract ("**Main Building Contract**") for a project named Cadangan Pembangunan 2 Blok Pangsapuri 20 Tingkat (160 Unit), Tempat Letak Kereta 4 Tingkat, Kemudahan Penduduk dan Tembok Penahan Di Atas Lot 48629 (F2), Jalan Sri Hartamas 3, Mukim Kuala Lumpur, Wilayah Persekutuan ("**Palazzio Project**"). SPYTL did not complete the work but terminated the Main Building Contract. SPYTL now contends at arbitration that the termination was due to Sunway City having breached the Main Building Contract. After the termination of the Main Building Contract, Sunway City thereafter appointed SunCon to complete the works.

SPYTL made a number of claims in its points of claim dated 9 March 2012 and amounts to approximately RM77,000,000.

Sunway City filed its defence and counterclaim dated 19 June 2012, counter-claiming against SPYTL for a sum of RM101,256,848.42.

SPYTL has submitted its proposed amendments to the points of claim to highlight and particularise the relief sought arising from the facts pleaded in the points of claim and Sunway City does not have objections to the said proposed amendments. Sunway City subsequently submitted its proposed amendments to the defence and counterclaim containing the consequential amendments following the amendments to the points of claim as well as the amendments to the counterclaim. Sunway City

has now reduced its counterclaim against SPYTL to RM84,613,191.69 following the issuance of draft statement of final account for the completion contract. Recently, Sunway City has resolved the final accounts with SunCon and whilst the counter-claim by Sunway City against SPYTL remained the same, there is a difference of 18 sen in the final accounts. Sunway City has submitted a fresh proposed amended defence and counterclaim amending the claim amount to RM84,613,191.87 to SPYTL.

The next hearing dates have been fixed in November 2013 and December 2013.

The counsel for Sunway City is of the view that Sunway City has a reasonable counter-claim against SPYTL.

## 7.2 Material Contracts

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Issuer and its group of companies within the past 2 years preceding 30 September 2013:

- (a) Subscription and Shareholders' Agreement dated 4 December 2012 (as amended by the supplemental agreement dated 23 January 2013) ("**SSA**") between Sunway City, Iskandar Assets Sdn Bhd ("**IASB**") and Harmony Impulse Sdn Bhd (now known as Sunway Iskandar Development Sdn Bhd) ("**SIDSB**") with the intention of recording the terms and conditions of a joint venture between Sunway City and IASB whereby Sunway City and IASB have identified SIDSB as the joint venture entity to acquire and to undertake the proposed development of the following parcels of land owned by IASB, as well as to regulate the relationship of Sunway City and IASB as shareholders of SIDSB:

- Land held under H.S(D) 452850, PTD 75802, Mukim of Pulai, District of Johor Bahru measuring approximately 412.75 acres ("**Pendas North Land**"); and
- Land measuring approximately 666.32 acres held under H.S(D) 452656, PTD 2398, Mukim of Tanjung Kupang, District of Johor Bahru ("**Pendas South Land**").

The shareholdings of Sunway City and IASB in SIDSB are to be maintained at 60% and 40% respectively.

- (b) SIDSB has entered into a Sale and Purchase Agreement dated 4 December 2012 with IASB for the purpose of acquiring the Pendas North Land on an "as is where is" basis and free from encumbrances (save for squatters) for the total purchase consideration of RM221,280,444, to be satisfied partly by cash, and partly by ordinary shares and redeemable preference shares of SIDSB.
- (c) SIDSB has entered into a Sale and Purchase Agreement dated 4 December 2012 (as amended by a supplemental agreement dated 23 January 2013) with IASB for the purpose of acquiring the Pendas South Land on an "as is where is" basis and free from encumbrances (save for squatters) for the total purchase consideration of RM375,329,477.96, to be satisfied partly by cash, and partly by ordinary shares and redeemable preference shares of SIDSB.
- (d) Sale and Purchase Agreement dated 9 October 2012 ("**SPA**") between Sunway Medical Centre Berhad (now known as Sunway Medical Centre Sdn Bhd) ("**Sunway Medical**") and RHB Trustees Berhad (formerly known as OSK Trustees Berhad) as trustee for Sunway REIT for the acquisition by Sunway REIT of the following properties owned by Sunway Medical on an "as is where is" basis, free from all encumbrances for a total cash consideration of RM310,000,000:
- Parcel of leasehold land held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor ("**Land 1**");
  - Parcel of leasehold land held under PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor ("**Land 2**");

- 7-storey purpose-built hospital with a lower ground floor annexed with a multi-storey car park block and convention centre, known as “Sunway Medical Centre” located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan (“**Building**”);
- All fixtures and fittings fixed or located or used in Land 1, Land 2 and the Building; and
- The services infrastructure, the property systems and facilities (including without limitation, safety, heating, lighting, plumbing, sanitation, air conditioning, ventilation, fire protection safety facilities, elevators, escalators and broadband computer system) (if any) .

The SPA was completed on 31 December 2012.

- (e) Subscription and Shareholders’ Agreement dated 19 December 2011 entered into between Sunway City, Dayang Bunting Ventures Sdn Bhd (“**DBV**”), a wholly-owned subsidiary of Khazanah Nasional Berhad and Semerah Cahaya Sdn Bhd (now known as Sunway Iskandar Sdn Bhd) (“**SISB**”) with the intention of establishing a joint venture company, SISB to acquire leases of up to 99 years (“**Lease**”) over the following parcels of land located in Zone F within Medini, Iskandar Malaysia (“**Lands**”) to undertake an integrated commercial and residential development on the Lands as well as to regulate the relationship of Sunway City and DBV as shareholders of SISB:

- Land held under H.S(D) 453631, PTD 154498, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim measuring 223.085 hectares; and
- Land held under H.S(D) 453633, PTD 154500, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim measuring 56.864 hectares.

SISB has entered into a conditional Lease Purchase Agreement dated 19 December 2011 (as amended by a supplemental agreement dated 9 July 2012) (“**LPA**”) with Global Capital and Development Sdn Bhd for the acquisition of the Lease on an “as is where is” basis and free from encumbrances for a total purchase consideration of up to RM745,331,100 (“**Proposed Acquisition**”). The LPA was completed on 6 September 2012.

The initial shareholding structure of Sunway City and DBV in SISB will be 38%:62% with a paid-up share capital of RM360,000,000 comprising 3,600,000 ordinary shares of RM1 each and 356,400,000 redeemable preference shares (“**RPS**”) of RM0.01 each in SISB issued at RM1 per share (at RPS to ordinary share ratio of 99:1). Thereafter, Sunway City will inject an investment of RM198 million progressively in the form of ordinary shares of RM1 each and RPS of par value RM0.01 each at an issue price of RM1 per share at the same RPS to ordinary share ratio of 99:1. As for the progressive share subscription of RM198,000,000, an additional amount per share shall be payable, calculated at the rate of interest per annum payable by SISB on its bank borrowings from the date of the drawdown of the loans obtained by SISB and up to the date of subscription of each tranche of the additional shares, over a period of up to 54 months from the date of the LPA. The final shareholding structure of Sunway City and DBV in SISB shall be 60%:40%.

- (f) Sale of Business Agreement pursuant to an internal reorganization exercise dated 24 November 2011 entered into between Sunway and Sunway City for the sale by Sunway and acquisition by Sunway City of the business and undertakings of Sunway City as nominated by Sunway to carry on its behalf as at 18 August 2011 up to completion (save and except for the shares held in Sunway Medical Centre Berhad and Sunway Lagoon Club Berhad) for a total consideration of RM1,354,144,035 to be satisfied by the issuance of 135,414 non-convertible non-cumulative redeemable preference shares of RM0.01 each (“**NC-RPS**”) by Sunway City at the issue price of RM10,000 per NC-RPS and payment of RM4,035 in cash.
- (g) Sale of Business Agreement pursuant to an internal reorganization exercise dated 24 November 2011 entered into between Sunway and Sunway Holdings for the sale by Sunway and acquisition by Sunway Holdings of the business and undertakings of Sunway Holdings as nominated by Sunway to carry on its behalf as at 18 August 2011 up to completion for a total consideration of

RM1,926,676,350 to be satisfied by the issuance of 192,667 non-convertible non-cumulative redeemable preference shares of RM0.01 each ("NC-RPS") by Sunway Holdings at the issue price of RM10,000 per NC-RPS and payment of RM6,350 in cash.

### **7.3 Material contingent liabilities, material commitments and total borrowings**

#### **7.3.1 Material contingent liabilities**

The Directors of the Issuer are not aware of any contingent liability save as disclosed below, which upon becoming enforceable may have substantial impact on the financial position and/or the business of Sunway Group:

Details of contingent liabilities of Sunway Group as at 30 June 2013 are as follows:

	<b>30 June 2013 RM'000</b>
Guarantees given to third parties in respect of contracts and trade performance	<u>2,889,393</u>

#### **7.3.2 Material commitments**

The Directors of the Issuer are not aware of any commitments save as disclosed below, which have substantial impact on the financial position and/or the business of Sunway Group.

(a) Capital commitment not provided for in the financial period as at 30 June 2013 is as follows:-

	<b>30 June 2013 RM'000</b>
Amount authorised and contracted for	94,680
Amount authorised but not contracted for	<u>903,253</u>
	<u>997,934</u>

The majority of material commitments are for capital expenditure for the development of property investment assets and acquisitions of plant and equipment. The material commitments are expected to be funded by internally-generated funds, bank borrowings, proceeds from the Rights Issue and/or other fund raising exercises (if necessary).

#### **7.3.3 Total Borrowings**

The total borrowings of Sunway Group as at 30 June 2013 are RM3,015,725,000.

### **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 CP/MTN Programme.

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## APPENDIX 1

### PRICING FORMULA FOR THE EARLY REDEMPTION OF THE NOTES

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

#### **For CPs**

Price payable = Nominal value of the CPs.

#### **For MTNs**

Price payable = the higher of NV or the ERS.

Each series of the Notes shall be redeemed (in whole but not in part). For avoidance of doubt, a series of Notes is defined as the Notes with the same issue date and maturity date.

Where:

**Early Redemption Date** : Date for the early redemption.

**NV** : Aggregate nominal value of the Notes 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:

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

**Coupon** : Original coupon rate for each series of the Notes expressed as a percentage per annum.

**YTM<sub>R</sub>** : 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 MTNs 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.

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

Remaining years to maturity	Spread (bps)			
	Rating AA3	Rating A1	Rating A2	Rating A3
1.0	[ • ]	[ • ]	[ • ]	[ • ]
2.0	[ • ]	[ • ]	[ • ]	[ • ]
3.0	[ • ]	[ • ]	[ • ]	[ • ]
4.0	[ • ]	[ • ]	[ • ]	[ • ]
5.0	[ • ]	[ • ]	[ • ]	[ • ]
6.0	[ • ]	[ • ]	[ • ]	[ • ]
7.0	[ • ]	[ • ]	[ • ]	[ • ]

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

**(i) For MTNs with Coupon Payment (s):**

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

**N** : Number of coupon payment 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 coupon payment date.

**T** : Number of days between the immediate preceding coupon payment date (from the Early Redemption Date) to the immediate next coupon payment date (following the Early Redemption Date).

**U** : Number of days from the immediate preceding coupon payment date (from the Early Redemption Date) to the Early Redemption Date.

**(ii) For MTNs without Coupon Payment:**

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

**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.

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## APPENDIX 2

### GROUP CORPORATE STRUCTURE AS AT 30 SEPTEMBER 2013

Sunway Berhad		
Property Development		
	Effective Interest	
• Sunway Integrated Properties Sdn Bhd	100.0%	
• Sunway Damansara Sdn Bhd	60.0%	
• Sunway D'Mont Kiara Sdn Bhd	88.0%	
• Sunway City (Penang) Sdn Bhd	100.0%	
• Sunway Bintang Sdn Bhd	100.0%	
• Sunway City Properties Sdn Bhd	100.0%	
• Sunway Opus International Private Limited <sup>*#</sup>	50.0%	
• Sunway MAK International Private Limited <sup>*#</sup>	26.3%	
• Tianjin Eco-City Sunway Property Development Co. Ltd <sup>*#</sup>	60.0%	
• Sunway City (Ipoh) Sdn Bhd	79.0%	
• Sunway Guanghao Real Estate (Jiangyin) Co. Ltd <sup>#</sup>	65.0%	
• Sunway South Quay Sdn Bhd	60.0%	
• Sunway Tunas Sdn Bhd	100.0%	
• Sunway Semenyih Sdn Bhd	70.0%	
• Sunway City (JB) Sdn Bhd	80.0%	
• Sunway Iskandar Sdn Bhd <sup>*</sup>	45.5%	
• Sunway Montez Sdn Bhd	60.0%	
• Sunway Grand Sdn Bhd	100.0%	
• Sunway Melawati Sdn Bhd	100.0%	
• SunwayMas Sdn Bhd	100.0%	
• Sunway Termuning Sdn Bhd	80.0%	
• Sunway Rawang Heights Sdn Bhd	100.0%	
• Sunway Kanching Heights Sdn Bhd	100.0%	
• Sunway Bangi Sdn Bhd	100.0%	
• Sunway Permai Sdn Bhd	80.0%	
• Sunway Eastwood Sdn Bhd	70.0%	
• Hoi Hup Sunway Development Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway J.V. Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Property Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Miltonia Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Tampines Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Yuan Ching Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Pasir Ris Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Novena Pte Ltd <sup>*#</sup>	30.0%	
• Hoi Hup Sunway Mount Sophia Pte Ltd <sup>*#</sup>	30.0%	
• Sunway Land Pte Ltd <sup>#</sup>	100.0%	
• Sunway Australia Unit Trust <sup>#</sup>	45.0%	
• Alliance Parade Sdn Bhd	100.0%	
• Associated Circle Sdn Bhd	100.0%	
• Commercial Parade Sdn Bhd	100.0%	
• Bisikan Seni Sdn Bhd	60.0%	
• Imbasan Intisari Sdn Bhd	60.0%	
• Tidal Elegance Sdn Bhd	60.0%	
• Emerald Freight Sdn Bhd	60.0%	
• Park Symphony Sdn Bhd	60.0%	
• Winning Excellence Sdn Bhd	60.0%	
• Contemporary Factor Sdn Bhd	60.0%	
Property Investment		
	Effective Interest	
• Sunway PFM Sdn Bhd	100.0%	
• Sunway Mall Parking Sdn Bhd	100.0%	
• Sunway IFM Sdn Bhd	100.0%	
• Sunway Parking Services Sdn Bhd	100.0%	
• Sunway Monash-U Residence Sdn Bhd	60.0%	
• Sunway Giza Mall Sdn Bhd	60.0%	
• Sunway Giza Parking Sdn Bhd	60.0%	
• Sunway Pinnacle Sdn Bhd	100.0%	
• Sunway Ambience Sdn Bhd	100.0%	
• Sunway Destiny Sdn Bhd	100.0%	
• Sunway Facility Management Sdn Bhd	100.0%	
• Sunway Pyramid Development Sdn Bhd	100.0%	
• Sunway MUSC Sdn Bhd	100.0%	
• Sunway Pyramid Hotel Sdn Bhd	100.0%	
• Sunway Residence Sdn Bhd	100.0%	
• Sunway Symphony Sdn Bhd	100.0%	
• Sunway Century Sdn Bhd (formerly known as Salient Century Sdn Bhd)	100.0%	
• Area Star Sdn Bhd	100.0%	
• Rich Worldclass Sdn Bhd	100.0%	
• Sunway Tower 1 Sdn Bhd	100.0%	
• Sunway Velocity Mall Sdn Bhd	59.0%	
• Sunway Townhouse Sdn Bhd	100.0%	
• Frontier Acres Sdn Bhd	100.0%	
• Shahawan (M) Sdn Bhd	100.0%	
• Sunway REIT Management Sdn Bhd	100.0%	
• Sunway Real Estate Investment Trust <sup>*^</sup>	34.5%	
Hospitality		
	Effective Interest	
• Sunway Hotel (Seberang Jaya) Sdn Bhd	100.0%	
• Sunway Hotel Hanoi Liability Limited Company with one member <sup>#</sup>	100.0%	
• Sunway Resort Hotel Sdn Bhd	100.0%	
• Sunway International Hotels & Resorts Sdn Bhd	100.0%	
• Allson International Hotels & Resorts (BVI) Limited <sup>#</sup>	100.0%	
• Allson International Management Limited <sup>#</sup>	100.0%	
• Kinta Sunway Resort Sdn Bhd	79.0%	
• Sunway Lost World Hotel Sdn Bhd	79.0%	
• Sunway Hotel Phnom Penh Ltd <sup>#</sup>	52.5%	
• Sunway Hotel (Penang) Sdn Bhd	100.0%	
• Sunway Putra Hotel Sdn Bhd	100.0%	
Leisure		
	Effective Interest	
• Sunway Leisure Sdn Bhd	100.0%	
• Pyramid Bowl Sdn Bhd <sup>*</sup>	40.0%	
• Sunway Lagoon Club Berhad	83.5%	
• Sunway Lagoon Sdn Bhd	100.0%	
• Sunway Lost World Water Park Sdn Bhd	79.0%	
• Sunway Leisure Services Sdn Bhd	100.0%	
• Sunway Travel Sdn Bhd	100.0%	
• Sunway International Vacation Club Berhad	100.0%	
• Sunway Healthy Lifestyle Sdn Bhd	100.0%	
Construction		
	Effective Interest	
• Sunway Construction Sdn Bhd	100.0%	
• Sunway Engineering Sdn Bhd	100.0%	
• Sunway Machinery Sdn Bhd	100.0%	
• Sunway Concrete Products (S) Pte Ltd <sup>#</sup>	100.0%	
• Sunway Geotechnics (M) Sdn Bhd	100.0%	
• Sunway Geotechnics (S) Pte Ltd <sup>#</sup>	100.0%	
• Sunway Precast Industries Sdn Bhd	100.0%	
Healthcare		
	Effective Interest	
• Sunway Medical Centre Sdn Bhd	99.5%	
• SunMed Clinics Sdn Bhd	99.5%	

## Sunway Berhad

### Trading and Manufacturing

	Effective Interest
• Sunway Marketing Sdn Bhd	100.0%
• Sunway Marketing (S) Pte Ltd <sup>#</sup>	100.0%
• Sunway Enterprise (1988) Sdn Bhd	100.0%
• Sunway Hydraulic Industries Sdn Bhd	100.0%
• PT Sunway Flowtech <sup>#</sup>	100.0%
• Sunway Opus International Trading Private Limited <sup>#</sup>	60.0%
• Sunway Xin Long (Anhui) Hydraulic Co Ltd <sup>#</sup>	77.0%
• Sunway Trading (Shanghai) Pte Ltd <sup>#</sup>	98.8%
• Sunway Daechang Forging (Anhui) Co Ltd <sup>#</sup>	59.3%
• PT Sunway Trek Masindo <sup>#</sup>	100.0%
• Sunway Marketing (Thailand) Ltd <sup>#</sup>	100.0%
• Totalrubber Ltd <sup>#</sup>	100.0%
• Pacific Flow Technology Pty Ltd <sup>#</sup>	80.0%
• Total Rubber Services Franchising Pty Ltd <sup>#</sup>	100.0%
• Sunway Marketing (East Malaysia) Sdn Bhd	85.0%
• Sunway Hose Centre Sdn Bhd	85.0%
• Sunway International Trading (Tianjin) Pte Ltd <sup>#</sup>	98.8%
• Sunway Architectural Products Sdn Bhd	85.0%
• Sunway Trek Australia Pty Ltd	100.0%
• PT Sunway Indoquip	100.0%
• PT Sunway Pacific Flow	100.0%

### Quarry

	Effective Interest
• Sunway Quarry Industries Sdn Bhd	100.0%
• Sunway Quarry (Kuala Kangsar) Sdn Bhd	100.0%
• Sunway Quarry Industries (Melaka) Sdn Bhd	100.0%
• Sungei Way Ocean Joint Venture Ltd <sup>#</sup>	70.0%
• Sunway Quarry Industries (Caribbean) Limited <sup>#</sup>	100.0%

### Building Materials

	Effective Interest
• Sunway Paving Solutions Sdn Bhd	100.0%
• Sunway VCP Sdn Bhd (formerly known as Sunway Keramo Sdn Bhd)	100.0%
• Sunway Pipeplus Technology Sdn Bhd	100.0%
• Sunway Building Materials (Shanghai) Co Ltd <sup>#</sup>	98.8%
• Sunway Building Materials (Dongguan) Co Ltd <sup>#</sup>	98.8%
• Sunway Spun Pile (Zhuhai) Co Ltd <sup>#</sup>	79.0%

### Investment Holding and Others

	Effective Interest
• Sunway Holdings (Vietnam) Sdn Bhd	100.0%
• Sunway Global Limited <sup>#</sup>	98.8%
• Sunway Management Sdn Bhd	100.0%
• Sunway Shared Services Sdn Bhd (formerly known a Sunway ITSSC Sdn Bhd)	100.0%
• Sunway BPO Sdn Bhd	100.0%
• Sunway Leasing Sdn Bhd	100.0%
• SWL Nominees (Tempatan) Sdn Bhd	100.0%
• Sunway Elite Sdn Bhd	100.0%
• Sunway Credit Sdn Bhd	100.0%
• Sunway Risk Management Sdn Bhd	100.0%
• Sunway Integrated Outsourcing Sdn Bhd	100.0%
• Sunway Captive Insurance Ltd	100.0%
• Gopeng Berhad <sup>*^</sup>	19.3%
• Sunway City Sdn Bhd	100.0%
• Sunway Holdings Sdn Bhd	100.0%
• SunCity Vietnam Sdn Bhd	100.0%
• Hochimex Nominee Company Limited <sup>#</sup>	100.0%
• Sunway City (S'pore) Pte Ltd <sup>#</sup>	100.0%
• Sunway Real Estate (China) Limited <sup>#</sup>	100.0%
• Eastern Glory Enterprises Limited <sup>#</sup>	45.0%
• Konsep Objektif (M) Sdn Bhd	70.0%
• Sunway REIT Holdings Sdn Bhd	100.0%
• Sunway Treasury Sdn Bhd	100.0%
• Sunway Investment Management Consultancy (Shanghai) Co. Ltd <sup>#</sup>	100.0%
• Sunway Hospitality Holdings Limited <sup>#</sup>	100.0%
• International Theme Park Pty Ltd <sup>#</sup>	45.0%
• Sunway Industrial Products Sdn Bhd	100.0%
• Sunway Developments Pte Ltd <sup>#</sup>	100.0%
• Fortuna Gembira Enterpris Sdn Bhd	100.0%
• Hartford Lane Pty Ltd <sup>#</sup>	45.0%
• Reptolink Sdn Bhd	100.0%
• Sunway FSSC Sdn Bhd (formerly known as SunCity SSC Sdn Bhd)	100.0%
• Sunway Labuan Investment Ltd	100.0%
• Sunway Direct Sdn Bhd (formerly known as Sunway Loyalty Card Sdn Bhd)	100.0%

#### Notes:

This Group Corporate Structure excludes dormant companies.

<sup>#</sup> Overseas company

<sup>^</sup> Public listed company

<sup>\*</sup> Associated company / Jointly-controlled entity

## REGISTERED OFFICE OF THE ISSUER

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