

THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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S P SETIA BERHAD

(Registration No. 197401002663 (19698-X))

(Incorporated in Malaysia)

SUPPLEMENTAL CIRCULAR TO SHAREHOLDERS AND HOLDERS OF THE ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i A") AND CLASS B ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i B") OF S P SETIA BERHAD ("S P SETIA"), AS APPLICABLE

IN RELATION TO THE

- (I) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN S P SETIA TO RAISE GROSS PROCEEDS OF UP TO RM1,180.00 MILLION; AND**
- (II) **PROPOSED AMENDMENTS TO THE CONSTITUTION OF S P SETIA**

Principal Adviser



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Supplemental Circular should be read together with the circular issued by S P Setia to its shareholders and holders of the RCPS-i A and RCPS-i B dated 2 September 2022 ("**Circular**"). Subject to the consent of the shareholders and holders of the RCPS-i A and RCPS-i B of S P Setia being obtained at their respective extraordinary general meetings ("**EGMs**") held on Monday, 26 September 2022 and in accordance with the Constitution of S P Setia, the adjourned EGMs for the shareholders and holders of the RCPS-i A and RCPS-i B of S P Setia ("**Adjourned EGMs**") will be conducted entirely through live streaming from the broadcast venue at Annex, Level 1, S P Setia Berhad Corporate HQ, No. 12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on **Tuesday, 18 October 2022** at the time indicated below for each Adjourned EGM or at any adjournment thereof.

The shareholders and holders of the RCPS-i A and RCPS-i B of S P Setia are entitled to participate and vote at their respective Adjourned EGMs. If you are unable to participate and vote at the respective Adjourned EGMs, you are entitled to appoint a proxy or proxies to participate and vote on your behalf. In such event, you should complete, sign and deposit the respective Forms of Proxy as enclosed in the Circular at the Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or at its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or deposit the respective Forms of Proxy electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time fixed for the respective Adjourned EGMs or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the respective Adjourned EGMs should you subsequently wish to do so.

The Forms of Proxy which were circulated together with the Notices of EGM dated 2 September 2022 as enclosed in the Circular and duly validly deposited with the Share Registrar for purposes of the EGMs held on Monday, 26 September 2022, shall remain valid and acceptable, unless a new Form of Proxy is deposited with the Share Registrar which will supersede the previous deposited Form of Proxy (if any).

Last date and time for lodging the Form of Proxy : Sunday, 16 October 2022 at 12:30 p.m. (for shareholders of S P Setia)
Sunday, 16 October 2022 at 2:00 p.m. (for holders of the RCPS-i A of S P Setia)
Sunday, 16 October 2022 at 3:30 p.m. (for holders of the RCPS-i B of S P Setia)

Date and time of the Adjourned EGM for the shareholders of S P Setia : Tuesday, 18 October 2022 at 12:30 p.m.

Date and time of the Adjourned EGM for holders of the RCPS-i A of S P Setia : Tuesday, 18 October 2022 at 2:00 p.m. or following the conclusion or adjournment (as the case may be) of the Adjourned EGM for the shareholders of S P Setia, whichever is later

Date and time of the Adjourned EGM for holders of the RCPS-i B of S P Setia : Tuesday, 18 October 2022 at 3:30 p.m. or following the conclusion or adjournment (as the case may be) of the Adjourned EGM for holders of the RCPS-i A of S P Setia, whichever is later

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This Supplemental Circular should be read together with the circular issued by S P Setia to its shareholders and holders of the RCPS-i A and RCPS-i B dated 2 September 2022 (“Circular”). Capitalised terms used in this Supplemental Circular shall have the same meanings as those defined in the Circular, unless otherwise stated.

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Setia

S P SETIA BERHAD

(Registration No. 197401002663 (19698-X))
(Incorporated in Malaysia)

Registered office

S P Setia Berhad Corporate HQ
No. 12, Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

22 September 2022

Board of Directors

Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail (*Non-Independent Non-Executive Chairman*)

Datuk Choong Kai Wai (*President and Chief Executive Officer*)

Dato' Ahmad Pardas Bin Senin (*Senior Independent Non-Executive Director*)

Dato' Halipah Binti Esa (*Independent Non-Executive Director*)

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob (*Independent Non-Executive Director*)

Dato' Zuraidah Binti Atan (*Independent Non-Executive Director*)

Tengku Dato' Ab. Aziz Bin Tengku Mahmud (*Non-Independent Non-Executive Director*)

Philip Tan Puay Koon (*Independent Non-Executive Director*)

Dato' Azmi Bin Mohd Ali (*Non-Independent Non-Executive Director*)

Dato' Merina Binti Abu Tahir (*Independent Non-Executive Director*)

Dato' Tengku Marina Binti Tunku Annuar (*Independent Non-Executive Director*)

Sheranjiv A/L M Sammanthan (*Independent Non-Executive Director*)

To: Our shareholders / holders of RCPS-i A / holders of RCPS-i B

Dear Sir/Madam,

- (I) PROPOSED RIGHTS ISSUE; AND**
 - (II) PROPOSED AMENDMENTS**
-

1. INTRODUCTION

On 21 September 2022, RHB Investment Bank had, on behalf of our Board, announced that our Company intends to modify the terms of the RCPS-i A and RCPS-i B, in order to provide clarity to certain terms of the RCPS-i A and RCPS-i B in the event our Company decides to redeem all (but not part) of any class of our preference shares in the future.

In order to ensure that the holders of RCPS-i C will be conferred the same rights upon issuance of the new RCPS-i C to be issued pursuant to the Proposed Rights Issue, our Company also intends to incorporate the same modifications to the terms of the new RCPS-i C ("**Modifications to the Terms of RCPS-i C**") for clarity purpose.

In view of the proposed modifications to the terms of the RCPS-i A, RCPS-i B and new RCPS-i C subsequent to the issuance by our Company of the Circular on 2 September 2022, and our Board's intention to have all the resolutions pertaining to the Proposals (including the Modifications to the Terms of RCPS-i C) heard and deliberated on at the same meeting of the respective class of holders, RHB Investment Bank had, on behalf of our Board, also announced that our Board intends to, upon convening the EGMs on Monday, 26 September 2022, adjourn the said EGMs to be re-convened on the date, time and place as set out in Section 7 of this Supplemental Circular ("**Adjourned EGMs**"). In accordance with the Constitution of our Company, such adjournment of the EGMs are subject to the consent of our shareholders and holders of the RCPS-i A and RCPS-i B at their respective EGMs of which a quorum is present. For information purpose, a separate circular in relation to the proposed modifications to the terms of the RCPS-i A and RCPS-i B has been issued concurrently with this Supplemental Circular to our shareholders and holders of the RCPS-i A and RCPS-i B.

THE PURPOSE OF THIS SUPPLEMENTAL CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE MODIFICATIONS TO THE TERMS OF RCPS-i C AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION(S) PERTAINING TO THE FOLLOWING:

- (I) PROPOSALS (INCLUDING THE MODIFICATIONS TO THE TERMS OF RCPS-i C), TO BE TABLED AT THE FORTHCOMING ADJOURNED EGM FOR OUR SHAREHOLDERS;**
- (II) PROPOSED RIGHTS ISSUE (INCLUDING THE MODIFICATIONS TO THE TERMS OF RCPS-i C), TO BE TABLED AT THE FORTHCOMING ADJOURNED EGM FOR OUR HOLDERS OF RCPS-i A; AND**
- (III) PROPOSED RIGHTS ISSUE (INCLUDING THE MODIFICATIONS TO THE TERMS OF RCPS-i C), TO BE TABLED AT THE FORTHCOMING ADJOURNED EGM FOR OUR HOLDERS OF RCPS-i B.**

THE RESPECTIVE FORMS OF PROXY AS ENCLOSED IN THE CIRCULAR AND DULY VALIDLY DEPOSITED WITH THE SHARE REGISTRAR FOR PURPOSES OF THE EGMS, SHALL REMAIN VALID AND ACCEPTABLE FOR THE RESPECTIVE ADJOURNED EGMS, UNLESS A NEW FORM OF PROXY IS DEPOSITED WITH THE SHARE REGISTRAR WHICH WILL SUPERSEDE THE PREVIOUS DEPOSITED FORM OF PROXY (IF ANY).

THIS SUPPLEMENTAL CIRCULAR SHOULD BE READ TOGETHER WITH THE CIRCULAR. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THE CIRCULAR, THE APPENDICES I AND III CONTAINED IN THE CIRCULAR, THIS SUPPLEMENTAL CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESPECTIVE RESOLUTION(S).

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2. DETAILS OF THE MODIFICATIONS TO THE TERMS OF RCPS-i C

Our Company intends to provide clarity to certain terms of the new RCPS-i C to be issued pursuant to the Proposed Rights Issue in the event our Company decides to redeem the RCPS-i C and/or any other class of preference shares in the future and hence, modify certain terms of the RCPS-i C.

The affected terms of the RCPS-i C are reproduced below with the modifications highlighted alongside the respective terms:

Indicative terms of the RCPS-i C as set out in Section 2.1.1 of the Circular	Modifications
<p>3rd paragraph of the “Dividend” term:</p> <p>Subject to the availability of Profits, the preferential dividends (if declared) shall be distributable semi-annually (save in respect of the first distribution), with the RCPS-i C holders being entitled to the first distribution on such date being the next preferential dividend entitlement date of the RCPS-i A and RCPS-i B (in accordance with their terms) following the Issue Date, and subsequently, at successive intervals of every six (6) months thereafter (each of the aforementioned dates shall be referred to as “Preferential Dividend Entitlement Date”).</p>	<p>3rd paragraph of the “Dividend” term:</p> <p>Subject to the availability of Profits, the preferential dividends (if declared) shall be distributable semi-annually (save in respect of the first distribution, <u>and the last distribution prior to the Redemption Date</u>), with the RCPS-i C holders being entitled to the first distribution on such date being the next preferential dividend entitlement date of the RCPS-i A and RCPS-i B (in accordance with their terms) following the Issue Date, and subsequently, at successive intervals of every six (6) months thereafter (each of the aforementioned dates shall be referred to as “Preferential Dividend Entitlement Date”). <u>For avoidance of doubt, the preferential dividends for the last distribution prior to the Redemption Date (if declared), may be paid to the RCPS-i C holders on such distribution date and at such amount (in accordance with item (iii) of the redemption term as set out below) as shall be approved by the Board and announced by our Company from time to time on or before the Redemption Date.</u></p>
<p>Item (iii) of the “Redemption” term:</p> <p>By subscribing to the RCPS-i C, the RCPS-i C holders agree that they shall not be entitled to receive any Profits that has not been declared as preferential dividend by our Company and which do not form any part of the Deferred Dividends from the period beginning on the last dividend declaration date preceding the Redemption Date up to the Redemption Date.</p>	<p>Item (iii) of the “Redemption” term:</p> <p><u>From the period beginning from the last dividend declaration date preceding the Redemption Date up to the Redemption Date, subject to the availability of Profits, our Company may, at its discretion, declare and pay any amount of preferential dividends, up to an amount equal to the Profits, based on the Expected Preferential Dividend Rate. Such declaration and payment of preferential dividends to the RCPS-i C holders (being the last distribution prior to the Redemption Date, if declared) shall not affect the declaration and distribution of preferential dividends to the RCPS-i A holders and RCPS-i B holders on their respective next preferential dividend entitlement date (in accordance with their terms), so long as the RCPS-i A and/or</u></p>

Indicative terms of the RCPS-i C as set out in Section 2.1.1 of the Circular	Modifications
	<p><u>RCPS-i B remain unredeemed. For avoidance of doubt, no additional preferential dividend shall be declared in respect of RCPS-i A and RCPS-i B under this sub-clause so long as the RCPS-i A and/or RCPS-i B remain unredeemed when such last preferential dividend is declared for RCPS-i C. Similarly, no additional preferential dividend shall be declared in respect of RCPS-i C, so long as the RCPS-i C remain unredeemed when such last preferential dividend is declared for RCPS-i A and/or RCPS-i B in the event of redemption of RCPS-i A and/or RCPS-i B.</u> By subscribing to the RCPS-i C, the RCPS-i C holders agree that they shall not be entitled to receive any Profits that has not been declared as preferential dividend by our Company and which do not form any part of the Deferred Dividends from the period beginning on the last dividend declaration date preceding the Redemption Date up to the Redemption Date.</p>
<p><i>“Ranking of RCPS-i C”:</i></p> <p>The RCPS-i C shall rank equally amongst themselves and with other preference shares issued by our Company (including the RCPS-i A and RCPS-i B) without discrimination, preference or priority amongst themselves in all respects, and will rank ahead in point of priority to the holders of the Shares and all other classes of shares (if any, save as the RCPS-i A and RCPS-i B) in our Company, in respect of payment of dividends and payment out of assets of our Company upon any liquidation, dissolution, or winding up of our Company, provided always that our Board approves such payment of dividends and payment out of assets of our Company on this basis and further affirms the priority of payment to the holders of the RCPS-i C.</p>	<p><i>“Ranking of RCPS-i C”:</i></p> <p>The RCPS-i C shall rank equally amongst themselves and with other preference shares issued by our Company (including the RCPS-i A and RCPS-i B) without discrimination, preference or priority amongst themselves in all respects, <u>save as in the event of redemption as set out in item (iii) of the redemption term above</u>, and will rank ahead in point of priority to the holders of the Shares and all other classes of shares (if any, save as the RCPS-i A and RCPS-i B) in our Company, in respect of payment of dividends and payment out of assets of our Company upon any liquidation, dissolution, or winding up of our Company, provided always that our Board approves such payment of dividends and payment out of assets of our Company on this basis and further affirms the priority of payment to the holders of the RCPS-i C.</p>

For the avoidance of doubt, save as disclosed above, the other indicative salient terms of the RCPS-i C as set out in Section 2.1.1 of the Circular remain unchanged.

In this regard, the affected terms in Clause 13A which will be included in our Constitution upon the necessary approvals being obtained, are also reproduced below with the modifications highlighted alongside the respective terms:

Proposed provision as set out in Appendix I of the Circular in relation to the Proposed Amendments	Modifications
<p>(f) Ranking of RCPS-i C</p> <p>(i) The RCPS-i C shall rank equally amongst themselves and with other preference shares issued by the Company (including the RCPS-i and RCPS-i B) without discrimination, preference or priority amongst themselves in all respects.</p>	<p>(f) Ranking of RCPS-i C</p> <p>(i) The RCPS-i C shall rank equally amongst themselves and with other preference shares issued by the Company (including the RCPS-i and RCPS-i B) without discrimination, preference or priority amongst themselves in all respects, <u>save as in the event of redemption as set out in Clause 13A(n)(v).</u></p>
<p>(h) Dividend entitlement period</p> <p>Subject to the availability of RCPS-i C Profits, the preferential dividends (if declared) shall be distributable semi-annually (save in respect of the first distribution), with the RCPS-i C holders being entitled to the first distribution on such date being the next preferential dividend entitlement date of the RCPS-i and RCPS-i B (in accordance with Clauses 12 and 13, respectively) following the RCPS-i C Issue Date, and subsequently, at successive intervals of every six (6) months thereafter (each of the aforementioned dates shall be referred to as “RCPS-i C Preferential Dividend Entitlement Date”).</p>	<p>(h) Dividend entitlement period</p> <p>Subject to the availability of RCPS-i C Profits, the preferential dividends (if declared) shall be distributable semi-annually (save in respect of the first distribution, <u>and the last distribution prior to the RCPS-i C Redemption Date</u>), with the RCPS-i C holders being entitled to the first distribution on such date being the next preferential dividend entitlement date of the RCPS-i and RCPS-i B (in accordance with Clauses 12 and 13, respectively) following the RCPS-i C Issue Date, and subsequently, at successive intervals of every six (6) months thereafter (each of the aforementioned dates shall be referred to as “RCPS-i C Preferential Dividend Entitlement Date”). <u>For avoidance of doubt, the preferential dividends for the last distribution prior to the RCPS-i C Redemption Date (if declared), may be paid to the RCPS-i C holders on such distribution date and at such amount (in accordance with Clause 13A(n)(v) below) as shall be approved by the Board and announced by the Company from time to time on or before the RCPS-i C Redemption Date.</u></p>

Proposed provision as set out in Appendix I of the Circular in relation to the Proposed Amendments	Modifications
<p>(n) Redemption</p> <p>(v) by subscribing to the RCPS-i C, the RCPS-i C holders agree that they shall not be entitled to receive any RCPS-i C Profits that has not been declared as preferential dividend by the Company and which do not form any part of the RCPS-i C Deferred Dividends from the period beginning on the last dividend declaration date preceding the RCPS-i C Redemption Date up to the RCPS-i C Redemption Date.</p>	<p>(n) Redemption</p> <p>(v) <u>from the period beginning from the last dividend declaration date preceding the RCPS-i C Redemption Date up to the RCPS-i C Redemption Date, subject to the availability of RCPS-i C Profits, the Company may, at its discretion, declare and pay any amount of preferential dividends, up to an amount equal to the RCPS-i C Profits, based on the RCPS-i C Expected Preferential Dividend Rate. Such declaration and payment of preferential dividends to the RCPS-i C holders (being the last distribution prior to the RCPS-i C Redemption Date, if declared) shall not affect the declaration and distribution of preferential dividends to the RCPS-i holders and RCPS-i B holders on the next Preferential Dividend Entitlement Date and RCPS-i B Preferential Dividend Entitlement Date in accordance with Clauses 12 and 13 respectively, so long as the RCPS-i and/or RCPS-i B remain unredeemed. For avoidance of doubt, no additional preferential dividend shall be declared in respect of RCPS-i and RCPS-i B under this sub-clause so long as the RCPS-i and/or RCPS-i B remain unredeemed when such last preferential dividend is declared for RCPS-i C. Similarly, no additional preferential dividend shall be declared in respect of RCPS-i C, so long as the RCPS-i C remain unredeemed when such last preferential dividend is declared for RCPS-i and/or RCPS-i B in the event of redemption of RCPS-i and/or RCPS-i B.</u> by subscribing to the RCPS-i C, the RCPS-i C holders agree that they shall not be entitled to receive any RCPS-i C Profits that has not been declared as preferential dividend by the Company and which do not form any part of the RCPS-i C Deferred Dividends from the period beginning on the last dividend declaration date preceding the RCPS-i C Redemption</p>

Proposed provision as set out in Appendix I of the Circular in relation to the Proposed Amendments	Modifications
	Date up to the RCPS-i C Redemption Date.

3. RATIONALE FOR THE MODIFICATIONS TO THE TERMS OF RCPS-i C

The Modifications to the Terms of RCPS-i C is undertaken to provide clarity to certain terms of the new RCPS-i C to be issued pursuant to the Proposed Rights Issue in the event our Company decides to redeem the RCPS-i C and/or any other class of preference shares in the future. As our Company is also proposing for such amendments to be made to the terms of the RCPS-i A and RCPS-i B, the Modifications to the Terms of RCPS-i C is undertaken to ensure that the same rights will be conferred to the holders of RCPS-i C upon issuance of the new RCPS-i C.

For information purpose, the Modifications to the Terms of RCPS-i C is merely included to provide clarity to certain terms of the new RCPS-i C and does not prejudice the rights of the holders of RCPS-i C.

4. APPROVALS REQUIRED FOR THE MODIFICATIONS TO THE TERMS OF RCPS-i C

The Modifications to the Terms of RCPS-i C which forms part of the Proposals, is undertaken to provide clarity to certain terms of the new RCPS-i C to be issued pursuant to the Proposed Rights Issue. As such, the Modifications to the Terms of RCPS-i C is not subject to any additional approval other than those already disclosed in Section 9 of the Circular.

Save for the above, the Modifications to the Terms of RCPS-i C is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders and/or chief executive of our Company and/or persons connected with them have any interest, whether direct and/or indirect, in the Modifications to the Terms of RCPS-i C (which forms part of the Proposals), save for their respective entitlements to the RCPS-i C as shareholders of our Company, including their rights to apply for excess RCPS-i C, which are also available to the other Entitled Shareholders.

6. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Modifications to the Terms of RCPS-i C, including the rationale for the Modifications to the Terms of RCPS-i C, is of the opinion that the Modifications to the Terms of RCPS-i C is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution(s) pertaining to the following:

- (i) Proposals (including the Modifications to the Terms of RCPS-i C), to be tabled at the forthcoming Adjourned EGM for our shareholders;
- (ii) Proposed Rights Issue (including the Modifications to the Terms of RCPS-i C), to be tabled at the forthcoming Adjourned EGM for our holders of RCPS-i A; and
- (iii) Proposed Rights Issue (including the Modifications to the Terms of RCPS-i C), to be tabled at the forthcoming Adjourned EGM for our holders of RCPS-i B.

7. ADJOURNMENT OF THE EGMS

As the terms of the RCPS-i C were proposed to be modified subsequent to the issuance of the Circular containing the Notices of EGM and the Forms of Proxy on 2 September 2022, our Chairman of the EGMS for the Proposals intends to, upon convening the EGMS on Monday, 26 September 2022, and with the consent of our shareholders and holders of the RCPS-i A and RCPS-i B at their respective EGMS of which a quorum is present and in accordance with our Constitution, adjourn the said EGMS to be re-convened entirely through live streaming from the broadcast venue at Annex, Level 1, S P Setia Berhad Corporate HQ, No. 12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on **Tuesday, 18 October 2022** at the following indicated time for each Adjourned EGM or at any adjournment thereof:

Date and time of the Adjourned EGM for our shareholders : Tuesday, 18 October 2022 at 12:30 p.m.

Date and time of the Adjourned EGM for our holders of RCPS-i A : Tuesday, 18 October 2022 at 2:00 p.m. or following the conclusion or adjournment (as the case may be) of the Adjourned EGM for our shareholders, whichever is later

Date and time of the Adjourned EGM for our holders of RCPS-i B : Tuesday, 18 October 2022 at 3:30 p.m. or following the conclusion or adjournment (as the case may be) of the Adjourned EGM for our holders of the RCPS-i A, whichever is later

As the EGMS for the shareholders and holders of the RCPS-i A and RCPS-i B of our Company may stand adjourned to the date and time as stipulated above, in accordance with Clause 68 of our Constitution, no notice of Adjourned EGMS will be issued. The respective Forms of Proxy enclosed in the Circular remain valid for the respective Adjourned EGMS.

The shareholders and holders of the RCPS-i A and RCPS-i B of our Company are entitled to participate and vote at their respective Adjourned EGMS. If you are unable to participate and vote at the respective Adjourned EGMS, you are entitled to appoint a proxy or proxies to participate and vote on your behalf. In such event, you should complete, sign and deposit the respective Forms of Proxy at our Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or at its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or deposit the respective Forms of Proxy electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time fixed for the respective Adjourned EGMS or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the respective Adjourned EGMS should you subsequently wish to do so.

The Forms of Proxy which were circulated together with the Notices of EGM dated 2 September 2022 as enclosed in the Circular and duly validly deposited with our Share Registrar for purposes of the EGMS held on Monday, 26 September 2022, shall remain valid and acceptable, unless a new Form of Proxy is deposited with our Share Registrar which will supersede the previous deposited Form of Proxy (if any).

8. FURTHER INFORMATION

You are advised to read this Supplemental Circular together with the Circular (including the Appendices I and III therein) and refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
S P SETIA BERHAD

**Y.A.M. TAN SRI DATO' SERI SYED ZAINOL ANWAR
IBNI SYED PUTRA JAMALULLAIL**
Non-Independent Non-Executive Chairman

SHARIAH PRONOUNCEMENT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon the Prophet of Allah, on his family and all his companions

S P SETIA BERHAD

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN S P SETIA BERHAD

We, Amanie Advisors Sdn Bhd, as the Shariah Adviser for the above-said proposed renounceable rights issue of new class C Islamic redeemable convertible preference shares in S P Setia Berhad (“**S P Setia**” or the “**Company**”) (“**RCPS-i C**”) (“**Proposed Rights Issue**”), have reviewed the structure and terms and conditions of the RCPS-i C to be issued by the Company as described in the terms and conditions of the RCPS-i C (“**Terms and Conditions**”) to ensure compliance with the Shariah principles.

Except where defined herein, defined terms used in this Shariah Pronouncement have the same meanings given in the Terms and Conditions.

1. Description of the Structure and its Terms and Conditions

- 1.1 The RCPS-i C holders shall invest directly into the Shariah-compliant general business of the Company (“**Business**”) through the subscription of the RCPS-i C to be issued by the Company.
- 1.2 The Company will issue the RCPS-i C to the subscribers of the RCPS-i C. The RCPS-i C shall represent the undivided proportionate interest of the respective RCPS-i C holders in the Business.
- 1.3 The distributable profits of the Company earned from the 1st day of the calendar month following the issue date of the RCPS-i C (“**Issue Date**”) (“**Profits**”), subject to item 1.5 below, shall be distributed as preferential dividends to the RCPS-i C holders in proportion to the respective capital contribution of the RCPS-i C holders in the Business.
- 1.4 The maximum amount of preferential dividends (i.e. the Expected Preferential Dividend Amount (as defined in item 2.2 below)) that can be declared and paid on each Preferential Dividend Entitlement Date (as defined in item 2.2 below) shall be capped at the Expected Preferential Dividend Rate (as defined in item 2.2 below), unless otherwise decided by the board of directors of the Company (“**Board**”) pursuant to item 1.6(ii) below. In the event that the Profits as at such Preferential Dividend Entitlement Date are less than the Expected Preferential Dividend Amount, the Company may, at its discretion, declare and distribute preferential dividends up to the amount of such Profits.

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- 1.5 In the event that dividends are declared, and subject to the Board approving such declaration, the ordinary shareholders shall waive their right to dividend payment unless and until the Company has paid any preferential dividends declared but unpaid or Deferred Dividends (as defined in item 2.2 below) to the RCPS-i C holders. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the constitution of the Company ("**Constitution**") (embedding the rights of the RCPS-i C holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of dividends) to be decided by the Board at the point of distribution on their behalf.
- 1.6 On each Preferential Dividend Entitlement Date, the Company:
- (i) may, at its discretion, declare and distribute preferential dividend up to the Expected Preferential Dividend Amount to the RCPS-i C holders, subject to the availability of the Profits; and
 - (ii) may utilise any excess Profits for the Business or such other purpose as the Board deems fit, including to declare and distribute Additional Preferential Dividends (as defined below).

By subscribing to the RCPS-i C, the RCPS-i C holders agree (in and for compliance with Shariah) to waive their right attached to the RCPS-i C to receive any Profits over and above the Expected Preferential Dividend Amount that the Board may have declared, with such waiver to be decided by the Board at the point of declaration of the preferential dividends, on their behalf.

- 1.7 Subject to the approval of the Board for the distribution, the RCPS-i C holders shall have the right to receive cash payment in full which shall be equivalent to all the capital paid up on the RCPS-i C by the respective holder, and any preferential dividends declared but unpaid upon the dissolution, winding-up or liquidation of the Company out of the proceeds of liquidation of the assets of the Company. The holders of the ordinary shares and all other classes of shares in the Company (if any, save in respect of the Islamic redeemable convertible preference shares of the Company which were issued on 2 December 2016 ("**RCPS-i A**") and the Class B Islamic redeemable convertible preference shares of the Company which were issued on 29 December 2017 ("**RCPS-i B**")) shall waive their right to receive proceeds from liquidation, dissolution or winding up in favour of the RCPS-i C holders until the RCPS-i C holders have received their payment in full on all the capital paid up on the RCPS-i C by the respective holder, and any preferential dividends declared but unpaid. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i C holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of assets upon the liquidation, dissolution or winding up of the Company) to be decided by the Board at the point of distribution on their behalf.

By subscribing to the RCPS-i C, the RCPS-i C holders agree (in and for compliance with Shariah) to waive their rights to receive:

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S P SETIA BERHAD**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE
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- (i) any remaining preferential dividends declared but is unpaid or cannot be paid if the available amount of proceeds from the liquidation of the assets of the Company is insufficient to pay in full the preferential dividends that have been declared but remains unpaid; and
 - (ii) any Deferred Dividends (as defined in item 2.2 below) that have not been declared by the Company, with such waiver to be decided by the Board at the relevant time on their behalf.
- 1.8 The RCPS-i C holders undertake to sell the undivided proportionate interest of the respective RCPS-i C holders in the Business on the Redemption Date (as defined in item 2.5(i) below) at the Redemption Price (as defined below) which sale shall be concluded by way of conduct upon payment of the Redemption Price by the Company.
- 1.9 Any RCPS-i C holder may exercise his Conversion Right (as defined in item 2.4 below) and without payment of any consideration, convert his RCPS-i C to fully paid ordinary shares in the Company ("**Shares**") in accordance with the Conversion Ratio (as defined in item 2.4 below).

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S P SETIA BERHAD**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i C")****2. Shariah conformity**

Based on our review of the proposed issuance of the RCPS-i C, below are conformation of the RCPS-i C with Shariah rules and principles as guided by Shariah Advisory Council ("SAC") of the Securities Commission Malaysia ("SC") and other acceptable international Shariah standards:

2.1 Islamic Redeemable Convertible Preference Shares.

The RCPS-i C is structured based on the basic structure of preference shares. Preference shares shall be referred as one type of equity whose period of holding by the investor is permanent and similar to ordinary shares except that most preferential dividends are fixed and paid to the preference shareholders before dividends to the ordinary shareholders are paid out. Preference shareholders also typically do not hold any voting rights, but ordinary shareholders usually do.

The SAC of the SC had resolved that preference shares are classified as Shariah-compliant securities provided that: (i) The underlying shares are classified as Shariah-compliant securities; (ii) The preference shares are non-cumulative; and (iii) Endorsement from the SAC of the SC has been obtained.

(Refer Resolutions of the SAC of the SC, 2021, page 143).

Even though the RCPS-i C consist of cumulative features, the cumulative herein does not suggest to any profit guarantee since the payment of the Expected Preferential Dividend and the Additional Preferential Dividends are derived from the Profits of the Company. This can be shown in the declaration made by the Company which shall read as follows:

"Where there is no Profit available for the declaration and payment of dividends (in accordance with the Constitution and the Companies Act 2016 (or such applicable legislation for the time being) ("Act")), the Company shall have no obligation to declare or distribute any preferential dividends on the relevant Preferential Dividend Entitlement Date. Such preferential dividends shall not be cumulative."

2.2 Expected Preferential Dividend and Waiver of the Profits by the RCPS-i C Holders.

The RCPS-i C shall carry the right to receive preferential dividends, out of the Profits, when declared and approved by the Board. Any declaration of preferential dividend shall be subject to the approval of the Board and such approval shall include an affirmation on the priority of payment as described in item 2.3 below.

The declaration of any dividends out of the Profits is in line with the AAOIFI Shariah Standards which reads as follows;

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"It is not permitted to start the allocation of profit between the partners unless the operating costs, expenses and taxes are deducted in calculating the profit and the capital of the Sharikah is maintained intact"

(Refer AAOIFI, 1439H-2017 Shariah Standards for Islamic Financial Institutions, Shari'a Standard No.12, Sharikah (Musharakah) and Modern Corporations, p. 333, item 3/1/5/6)

Subject to compliance with item 2.7 below, the Company shall utilise and exhaust the retained earnings of the Company earned for the period prior to the Issue Date ("**Pre-Issue Retained Earnings**") for the payment of dividends to the ordinary shareholders, and if such Pre-Issue Retained Earnings are insufficient for the payment of dividends to the ordinary shareholders, the Company may also utilise the Profits (less any preferential dividends declared but unpaid and any Deferred Dividends (as defined below)) for such payment.

Profits shall be distributed as preferential dividends to the RCPS-i C holders in proportion to the respective capital contribution of the RCPS-i C holders in the Business. This is consistent with the rulings mentioned in AAOIFI Shariah Standards;

"In principle, the shares of profit may be in proportion to the percentage of each partner's contribution to the Sharikah capital..."

(Refer AAOIFI, 1439H-2017 Shariah Standards for Islamic Financial Institutions, Shari'a Standard No.12, Sharikah (Musharakah) and Modern Corporations, p. 332, item 3/1/5/3).

Subject to the availability of Profits, the preferential dividends (if declared) shall be distributable semi-annually (save in respect of the 1st distribution and the last distribution prior to the Redemption Date), with the RCPS-i C holders being entitled to the 1st distribution on such date being the next preferential dividend entitlement date of the RCPS-i A and RCPS-i B (in accordance with their terms) following the Issue Date, and subsequently, at successive intervals of every six (6) months thereafter (each of the aforementioned dates shall be referred to as "**Preferential Dividend Entitlement Date**"). For avoidance of doubt, the preferential dividends for the last distribution prior to the Redemption Date (if declared), may be paid to the RCPS-i C holders on such distribution date and at such amount (in accordance with item 2.5(v) below) as shall be approved by the Board and announced by the Company from time to time on or before the Redemption Date.

The expected preferential dividend rate per annum shall be 5.43% per annum.

From the period commencing on and including the 5th anniversary of the Issue Date until the Redemption Date (as defined in item 2.5(i) below), an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate mentioned above, shall be payable on the RCPS-i C on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if

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applicable) on any Preferential Dividend Entitlement Date ("**Expected Preferential Dividend Rate**") shall not exceed a total rate of 20% per annum.

The additional stepped-up preferential dividend rate of 1.0% per annum above the Expected Preferential Dividend Rate on annual basis commencing from the 5th anniversary of the Issue Date is allowable from the Shariah perspective. This is in line with the rulings mentioned in AAOIFI Shariah Standards:

"It is permissible for the partners to agree on the adoption of allocation of profit, either permanent or variable, for example, by agreeing that the percentage of profit shares in the first period are one set of percentages, and in the second period are another set of percentages,..."

(Refer AAOIFI, 1439H-2017 Shariah Standards for Islamic Financial Institutions, Shari'a Standard No.12, Sharikah (Musharakah) and Modern Corporations, p. 333, item 3/1/5/5).

Save in respect of the Additional Preferential Dividends (as defined below) that the Board may have declared, the maximum amount of preferential dividends that can be declared and paid on each Preferential Dividend Entitlement Date ("**Expected Preferential Dividend Amount**"), shall be capped at such Expected Preferential Dividend Rate unless otherwise decided by the Board.

On any Preferential Dividend Entitlement Date:

- (i) in the event that the Profits are lower than the Expected Preferential Dividend Amount and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):
 - (aa) the Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits as at such Preferential Dividend Entitlement Date (the amount of Profits declared as preferential dividends by the Company on a particular Preferential Dividend Entitlement Date, if any, shall be referred to as "**Declared Sum**"); and
 - (bb) the amount equivalent to the difference between: (A) the Profits as at such Preferential Dividend Entitlement Date; and (B) Declared Sum, shall be cumulative ("**Deferred Dividends 1**"), so long as the RCPS-i C remains unredeemed. In this instance, the amount equivalent to the difference between: (A) the Expected Preferential Dividend Amount; and (B) the Profits as at such Preferential Dividend Entitlement Date, shall not be cumulative.
- (ii) In the event that the Profits are higher than the Expected Preferential Dividend Amount and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):

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 PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE
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- (aa) the amount equivalent to the difference between: (A) the Expected Preferential Dividend Amount; and (B) the Declared Sum, shall be cumulative ("**Deferred Dividends 2**"), so long as the RCPS-i C remains unredeemed.

Deferred Dividends 1 and Deferred Dividends 2 (as the case maybe) (collectively referred to as "**Deferred Dividends**") may be declared and/or paid, at the discretion of the Company, on any subsequent Preferential Dividend Entitlement Date, provided that the Cumulative Condition is fulfilled on such Preferential Dividend Entitlement Date.

"**Cumulative Condition**" of the RCPS-i C means on any particular Preferential Dividend Entitlement Date, the Company:

- (i) has sufficient Profits that is at least equivalent to the aggregate of the Declared Sum and any Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date;
- (ii) has maintained books and records that evidence the Company having Profits that is at least equivalent to the aggregate of the Declared Sum and any Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date; and
- (iii) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends on such Preferential Dividend Entitlement Date shall be cumulative.

Where there is no Profit available for the declaration and payment of dividends (in accordance with the Constitution and the Act (or such applicable legislation for the time being), the Company shall have no obligation to declare or distribute any preferential dividends on the relevant Preferential Dividend Entitlement Date. Such preferential dividends shall not be cumulative.

The Deferred Dividend or the cumulative feature of the preferential dividend is effected by way of deferring the distributable profits (or part thereof) of the Company earned from the Issue Date which are not declared as dividends based on the mutual consent of the parties. This mutual agreement is based on the concept of mutual consent (al-Taraadhi) as mentioned in the following Quranic verse (4:29):

إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ

"...but let there be amongst you traffic and trade by mutual good-will.."

It should be noted that the dividend cannot be deferred and accumulated if there are no profits realised i.e. if the Company generated no profits for that year, then there is no accumulation of the undeclared dividend to any subsequent Preferential Dividend

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Entitlement Dates. Hence, it can be concluded that there is no guarantee of expected preferential dividend to the RCPS-i C holders.

Therefore, as long as the parties agree to the deferment of their entitlement to the realised profits, there shall be no Shariah objection on that, based on mutual consent of the contracting parties. For avoidance of doubt, the Deferred Dividends shall not accrue any additional dividends and shall not be compounded.

Waiver of the Profits by RCPS-i C Holders

The Deferred Dividends shall not be payable to the RCPS-i C holders if the Company has not declared it as a preferential dividend. For clarity, the Deferred Dividends that are not declared will be waived by the RCPS-i C holders and will not be payable in the following circumstances:

- (i) upon the winding-up, liquidation or dissolution of the Company. Accordingly, the RCPS-i C holders shall (in and for compliance with Shariah, and by the decision of the Board at the relevant time on their behalf) waive all Deferred Dividends that the Company has not declared; and
- (ii) upon the RCPS-i C holders converting the RCPS-i C into new Shares. Accordingly, the RCPS-i C holders shall (in and for compliance with Shariah) waive all Deferred Dividends that the Company has not declared.

By subscribing to the RCPS-i C, the RCPS-i C holders agree (in and for compliance with Shariah) to waive their right attached to the RCPS-i C to receive any Profits over and above the Expected Preferential Dividend Amount that the Board may have declared, with such waiver to be decided by the Board at the point of declaration of the preferential dividends, on their behalf.

On any Preferential Dividend Entitlement Date, in the event that the Profits are higher than the Expected Preferential Dividend Amount and the Company declares and distributes preferential dividends up to the Expected Preferential Dividend Amount, any excess of the Profits after such declaration may be utilised by the Company for the Business or such other purpose as the Board at its sole discretion deems fit and in the interest of the Company, including to declare and distribute additional preferential dividends of such amount as the Board deems fit that is in excess of the Expected Preferential Dividend Amount but not exceeding the Profits on such Preferential Dividend Entitlement Date ("**Additional Preferential Dividends**").

From the Shariah perspective, the Additional Preferential Dividends declared and distributed at the discretion of the Board shall be recognised as *hibah* (gift).

In this structure, each RCPS-i C holder shall cease to receive any preferential dividends from and including the date the RCPS-i C is converted into new Shares save for preferential dividends declared but unpaid up to the date of conversion notice.

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S P SETIA BERHAD**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i C")**

Subject to the rights to the preferential dividends declared and distributed as the Board deems fit, by subscribing to the RCPS-i C, the RCPS-i C holders agree (in and for compliance with Shariah) to waive their rights attached to the RCPS-i C to participate in the surplus profits of the Company (if any) remaining at such time after the payment of the preferential dividends, with such waiver to be decided by the Board at the point of declaration of the preferential dividends on their behalf.

The SAC of the SC at its 20th meeting on 14 July 1999 ruled that non-cumulative preference shares are permissible based on *tanazul* where the right to profit of the ordinary shareholder is willingly given to a preference shareholder. In this context, the contracting parties are allowed to give certain priority to other parties including the distribution of dividends provided that the arrangement is done when the profits is realised and consent is obtained from the contracting parties.

Tanazul shall be agreed upon at an annual general meeting of a company which decides to issue preference shares in an effort to raise new capital. As it is agreed at the meeting to issue preference shares, this means that ordinary shareholders have also agreed to give priority to preference shareholders in dividing the profits, in accordance with *tanazul*. In the context of preference shares, *tanazul* means surrendering the rights to a share of the profits based on partnership, by giving priority to preference shareholders. It is also known as *isqat haq* in Islamic jurisprudence.

(Refer Resolutions of the SAC of the SC, 2nd Edition, page 92-93).

2.3 Ranking of RCPS-i C

The RCPS-i C shall rank equally amongst themselves and with other preference shares issued by the Company (including the RCPS-i A and RCPS-i B) without discrimination, preference or priority amongst themselves in all respects, save as in the event of redemption as set out in item 2.5(v) below and will rank ahead in point of priority to the holders of the Shares and all other classes of shares (if any, save as the RCPS-i A and RCPS-i B) in the Company, in respect of payment of dividends and payment out of assets of the Company upon any liquidation, dissolution, or winding up of the Company, provided always that the Board approves such payment of dividends and payment out of assets of the Company on this basis and further affirms the priority of payment to the RCPS-i C holders.

For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i C holders), shall represent their agreement (in and for compliance with Shariah), for the priority of distribution dividends and payment out of assets to be decided by the Board at the point of distribution on their behalf.

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S P SETIA BERHAD**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i C")**

The RCPS-i C is subordinated to all the Company's creditors in respect of payment of debt and payments out of assets of the Company upon any liquidation, dissolution, or winding up of the Company.

The Board shall not issue any preference shares (other than additional RCPS-i A, and/or RCPS-i B issued in accordance with their terms, and/or additional RCPS-i C issued in accordance with its terms herein) which rank equally with or in priority to, the RCPS-i A, RCPS-i B and/or RCPS-i C, unless the issue of such preference shares has first been approved by the holders of the RCPS-i A, RCPS-i B and RCPS-i C by way of an ordinary resolution of such holders.

Consistent with the permissibility of preference shares based on *Tanazul* concept by the SAC of the SC, there should not be any Shariah objection to rank the RCPS-i C holders ahead in point of priority to the holders of the Shares and all other classes of shares (if any, save as the RCPS-i A and RCPS-i B) in the Company, in respect of payment of dividends and payment out of assets of the Company upon any liquidation, dissolution, or winding up of the Company.

2.4 Conversion of RCPS-i C into Shares

The conversion ratio will be determined and announced by the Board ("**Conversion Ratio**").

The fully paid up RCPS-i C shall be convertible, at the option of the RCPS-i C holders, at any time commencing from the Issue Date and up to such date no later than nine (9) market days prior to the relevant Redemption Date (as defined in item 2.5(i) below) of the RCPS-i C, into such number of fully-paid new Shares, without payment of any consideration and in accordance with the Conversion Ratio ("**Conversion Rights**").

Subject to the Act, the Constitution and provided that all the RCPS-i C then in issue have been fully paid up, any RCPS-i C holder may at any time thereafter, exercise the conversion right by giving notice in writing to the Company of his intention to convert and specifying such number of RCPS-i C intended to be converted, into new Shares.

Subject to compliance with all applicable laws and regulations, the Company shall take such requisite steps to allot and issue the new Shares, apply for the listing of and quotation for the new Shares and credit the new Shares into the holder's securities account created with the Central Depository System pursuant to the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn. Bhd., for the recording of deposit of securities and for dealing in such securities by the depositor. No physical share certificates will be issued to the RCPS-i C holder in respect of the conversion.

The Company shall not be required to convert any RCPS-i C of a holder where conversion of the RCPS-i C would be contrary to the laws of Malaysia.

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By the act of surrendering the RCPS-i C for the purpose of the conversion to the new Shares, the RCPS-i C holders shall (in and for compliance with Shariah) waive all Deferred Dividends that the Company has not declared as preferential dividends up to the point of conversion.

If the conversion results in a fractional entitlement to Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of RCPS-i C, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

The Conversion Ratio shall be subject to adjustments from time to time, at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution. The Company shall give notice in writing to the RCPS-i C holders of its intention to make such adjustments to the Conversion Ratio.

The new Shares shall upon allotment and issue rank equally in all respects with the then issued ordinary shares of the Company including the entitlements to dividends, rights, allotments or other distributions, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, of which the entitlement date is before the date of allotment of such new Shares.

The RCPS-i C and the new Shares to be issued pursuant to the conversion of the RCPS-i C will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad and their market price will be influenced by, among others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, changes in regulatory requirements, the financial performance of the Company and the outlook and prospects of the industries in which the Company operates. In this regard, there can be no assurance that the market value of the new Shares will trade at or above the implied conversion price of the RCPS-i C.

The agreed conversion mechanism is not a capital guarantee as the conversion can only be exercised if the Business is still available and furthermore, the market price of the new Shares arising from the conversion of the RCPS-i C is influenced by the factors mentioned above. Unlike capital guarantee which requires the Company to refund the full capital irrespective of the availability of the profits and assets of the venture, the conversion of RCPS-i C into Shares by the Company will and could only be exercised if the assets of the venture are available to make the conversion valid.

There is also no Shariah objection for the RCPS-i C holders to convert their holdings based on agreed conversion mechanism including the Conversion Ratio provided that the Shares remains Shariah-compliant. This is in line with the following Shariah legal maxims:

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

(Source: Sharh al-Qawaid al-Fiqhiyyah, p. 482)

2.5 Redemption

- (i) The Company may at any time on or after the 5th anniversary of the Issue Date, at its discretion, redeem all (and not part) of the outstanding RCPS-i C by giving not less than 30 days' notice in writing to the RCPS-i C holders of its intention to do so, subject to compliance with the Act including where such RCPS-i C is intended to be redeemed out of the capital of the Company, such notice of redemption shall be subject to all directors of the Company having made a solvency statement in relation to such redemption in accordance with the provisions of the Act. The redemption of the RCPS-i C shall take effect on the 30th day from the date of the notice or such other later date as may be specified in the notice ("**Redemption Date**"). The notice shall state the Redemption Date and the book closure date to be used to determine the RCPS-i C holders who are entitled to receive the redemption payment. During such notice period but not later than nine (9) market days prior to the Redemption Date, the RCPS-i C holders shall be entitled to exercise their Conversion Rights.
- (ii) On the Redemption Date, the Company shall redeem all (and not part) of the outstanding RCPS-i C (that do not form part of any RCPS-i C to be converted into new Shares prior to the book closure date stated in the redemption notice) in cash at a redemption price, which shall be the aggregate of: (i) the RCPS-i C issue price; (ii) any preferential dividends declared but unpaid as at the Redemption Date; and (iii) any Deferred Dividends as at the Redemption Date ("**Redemption Price**").
- (iii) The Company shall not redeem any RCPS-i C of a holder where redemption of the RCPS-i C would be contrary to the laws of Malaysia or the Constitution.
- (iv) On the Redemption Date, the RCPS-i C holders shall sell the undivided proportionate interest of the respective RCPS-i C holders in the Business to the Company at the Redemption Price, and pursuant to the redemption and payment of the Redemption Price on the Redemption Date for the RCPS-i C redeemed, all rights, benefits and entitlements accorded to such RCPS-i C holders, shall cease.
- (v) From the period beginning from the last dividend declaration date preceding the Redemption Date up to the Redemption Date, subject to the availability of Profits, the Company may, at its discretion, declare and pay any amount of preferential dividends, up to an amount equal to the Profits, based on the Expected Preferential Dividend Rate. Such declaration and payment of preferential dividends to the RCPS-i C holders (being the last distribution prior to the Redemption Daye, if declared) shall not affect the declaration and distribution of preferential dividends to the RCPS-i A

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and RCPS-i B holders on their respective next preferential dividend entitlement date (in accordance with their terms), so long as the RCPS-i A and/or RCPS-i B remain unredeemed. For avoidance of doubt, no additional preferential dividend shall be declared in respect of RCPS-i A and RCPS-i B under this sub-clause so long as the RCPS-i A and/or RCPS-i B remain unredeemed when such last preferential dividend is declared for RCPS-i C. Similarly, no additional preferential dividend shall be declared in respect of RCPS-i C, so long as the RCPS-i C remain unredeemed when such last preferential dividend is declared for RCPS-i A and/or RCPS-i B in the event of redemption of RCPS-i A and/or RCPS-i B.

There is no Shariah objection for the Company to call for redemption of the RCPS-i C from the RCPS-i C holders in accordance to the agreed terms and mechanism of such redemption and subject to the notification made to the holders.

The RCPS-i C holders undertake to sell the undivided proportionate interest of the respective RCPS-i C holders in the Business on the Redemption Date at the Redemption Price.

The undertaking by the RCPS-i C holders via *Wa`d* is permissible.

The SAC of the SC has resolved that:

Wa`d is a promise by a person or a party to perform certain task in the future.

Wa`d is *mulzim* (unilaterally binding) on the promisor if the *wa`d* is attached to any of the following:

- a) A particular action which is done by a party including the promise in the future;
- b) A particular time or date; or
- c) A particular situation which will occur in the future.

The bindingness of *wa`d* shall take effect at the time when the *wa`d* is expressed.

Permissibility of *Wa`d Mulzim*

Wa`d mulzim is permissible based on the view of *fuqaha'* that *wa`d* which is attached to conditions is binding. The types of conditions include a particular action, date/time and situation. This ruling may clarify the types and categories of conditions attached to *wa`d* that lead to the binding effect of *wa`d*, especially in the financial instruments that involve promise to enter into contract that is attached to a particular date/time in the future.

(Refer Resolutions of the SAC of the SC, 2021, p 16 - 17)

The RCPS-i C holders are not devoid of all risks as the performance of the RCPS-i C is still subject to the operation and performance of the Business, as such there are possibilities that there are not enough Profits, or even assets to pay the original invested amount. In addition, the tenure of the RCPS-i C is perpetual and the redemption of the

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RCPS-i C is at the option of the Company. In view of this, the issue of capital and profit guarantee shall not arise in the arrangement of sale undertaking.

2.6 Utilisation of Proceeds

The proceeds to be raised from the issuance of the RCPS-i C will be used in Shariah-compliant manner. The proceeds shall be used for the redemption of the RCPS-i B, payment of existing bank loans and financing facility and defray estimated expenses in relation to the proposals. Pending utilisation of the proceeds to be raised from the Proposed Rights Issue, such proceeds will be placed in deposits with licensed Islamic bank(s)/Islamic financial institution(s) and/or Islamic short-term money market instrument(s). The profit derived from the deposits with licensed Islamic bank(s)/Islamic financial institution(s) and/or any gain arising from the Islamic short-term money market instrument(s) will be used for the Group's working capital requirements.

Based on the above, the proposed utilisation of proceeds is permissible and is not breaching any Shariah requirements.

The Company is classified as Shariah-compliant company based on the list of Shariah - compliant securities issued by the SC's SAC from time-to-time. Hence, there is no Shariah objection for the proceeds to be placed in deposits with licensed Islamic bank(s)/Islamic financial institution(s) and/or Islamic short-term money market instrument(s) and profit derived from such deposits/any gain arising from the Islamic short term money market instrument(s) will be used for the Group's working capital requirements consistent with the requirements set by the SAC of the SC to ensure the Shariah-compliant status of the Company is maintained.

2.7 Restrictions on payment of dividends to ordinary shares

So long as any RCPS-i C remains unredeemed, and in the event that dividends are declared and the preferential treatment is approved by the Board on the day of the dividend declaration, the Company shall not pay or distribute any dividend on its ordinary shares, unless the preferential dividend payable on the RCPS-i C for the period immediately preceding such ordinary share dividend and any preferential dividends declared but unpaid or Deferred Dividends, has been paid or otherwise provided for in full, save in the circumstances where on any particular Preferential Dividend Entitlement Date, there are no Profits available for the declaration and payment of dividends to its ordinary shareholders and preference shareholders, but there are Pre-Issue Retained Earnings available and sufficient for the payment of dividends to the ordinary shareholders, the Company may utilise such Pre-Issue Retained Earnings for the declaration and payment of dividends to the ordinary shareholders.

In the event that dividends are declared, and subject to the Board approving such declaration, payment and affirming the priority of payment as described above, the

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ordinary shareholders shall waive their right to dividend payment, unless and until the Company has paid any preferential dividends declared but unpaid or Deferred Dividends to the RCPS-i C holders. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i C holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of dividends) to be decided by the Board at the point of distribution on their behalf.

The priority over the payment of dividends over the ordinary shareholder will be approved by the Board at the point of dividend distribution. Hence, the waiver of the ordinary shareholders' rights in respect of distribution of Profits for payment of any preferential dividends shall only be effective upon the approval of the Board at the time of declaration of such preferential dividends. As the waiver of rights to the ordinary shareholders' share of dividend is effective upon realisation of distributable Profits, the ordinary shareholders have the right to give priority to other parties, including RCPS-i C holders. This is in line with the Shariah conformity in item 2.3 above in regards to the *tanazul* where the right to profit of the ordinary shareholder is willingly given to a preference shareholder.

2.8 Rights to Receive Notices, Reports and Attend Meetings and Voting Rights

The RCPS-i C holders shall be entitled to the same rights as the Company's ordinary shareholders as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made:

- (i) When the preferential dividends or any part thereof is in arrears and unpaid for more than six (6) months;
- (ii) on a proposal to reduce the Company's share capital;
- (iii) on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;
- (iv) on a proposal to wind up the Company;
- (v) during the winding up of the Company; or
- (vi) on any proposal that affects the rights and privileges attached to the RCPS-i C, including the amendments to the Constitution.

In any of the aforesaid circumstances, each RCPS-i C holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meeting to one (1) vote for each RCPS-i C held.

Failure by the Company to provide any notice of any document referred to the above (save in respect of the aforesaid exceptions) will not affect the validity of any meeting (or any proceedings at any meeting), transaction or document connected with the document which was not received by a holder of RCPS-i C.

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Consistent with the permissibility of preference shares based on *tanazul* concept by the SAC of the SC, the RCPS-i C holders shall waive their right to vote or to approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made as mentioned above. This is also in line with the following Shariah legal maxims:

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

(Source: Sharh al-Qawaid al-Fiqhiyyah, p. 482)

2.9 Transferability

The RCPS-i C shall be transferable, subject however to the applicable laws, regulations and rules that would apply to the securities of the Company.

There is no Shariah objection for the RCPS-i C to be transferred to the other party through mechanism recognised under Shariah including sale contract or hibah.

2.10 Liquidation, dissolution or winding up preference

On a return of capital on the dissolution, winding-up or liquidation of the Company, the RCPS-i C holders shall have, in priority to the holders of ordinary shares and all other classes of shares (if any, save in respect of other preference shares issued by the Company (including the RCPS-i A and RCPS-i B)) in the Company, the right to payment of: (i) all capital paid up on the RCPS-i C; and (ii) any preferential dividends declared but unpaid, but shall have no right to the residue (if any) of such surplus assets that shall remain after payment of the capital paid up on all other classes of shares in the Company.

Subject to the approval of the Board for the distribution, the holders of ordinary shares and all other classes of shares (if any, save in respect of the RCPS-i A and RCPS-i B) in the Company shall waive their right to receive proceeds from liquidation, dissolution or winding up for the benefit of the RCPS-i C holders until the RCPS-i C holders have received their payment in full on all capital paid up on the RCPS-i C by the respective holder, and any preferential dividends declared but unpaid. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i C holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of assets upon the liquidation, dissolution or winding up of the Company) to be decided by the Board at the point of distribution on their behalf.

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The Company shall pay in cash and in full, the amount which shall be equivalent to: (i) all the capital paid up on the RCPS-i C by the respective holder; and (ii) any preferential dividends declared but unpaid upon liquidation, dissolution or winding-up of the Company, out of the proceeds of liquidation of the assets of the Company.

By subscribing to the RCPS-i C, the RCPS-i C holders agree (in and for compliance with Shariah) to waive any Deferred Dividends that have not been declared as preferential dividends by the Company up to the point of liquidation, dissolution or winding up of the Company, with such waiver to be decided by the Board at the relevant time on their behalf.

There is no Shariah objection for the Company on the liquidation, dissolution or winding up of preference of the RCPS-i C in accordance to the agreed terms and mechanism of such redemption and subject to the notification made to the holders. This is in line with the concept of *tanazul* in preference shares as discussed in item 2.3 above and the following Shariah legal maxims:

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

(Source: Sharh al-Qawaid al-Fiqhiyyah, p. 482)

2.11 Changes of compliant-status of the Company

It is to be noted that there is a possibility of the Company being removed from the list of Shariah-compliant securities issued by SC's SAC from time to time, in the future. In view of this, the RCPS-i C holders have the right to dispose the RCPS-i C or the ordinary shares (once converted) by following the SAC of the SC's guide on the timing for the disposal of securities which have been classified as Shariah non-compliant.

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

- (i) If the market price of the said securities exceeds or is equal to the investment cost, investors who hold such Shariah non-compliant securities must dispose them off. Any dividends received up to date of the announcement and capital gains arising from the disposal of Shariah non-compliant securities on the date of the announcement can be kept by the investors. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the date of the announcement should be channelled to *baitulmal* and/or charitable bodies; and

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- (ii) If the market price of the said securities is below the investment cost, the investors are allowed to hold their investment in the Shariah non-compliant securities until the investors receive the investment cost. It is also permissible for the investors to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the investors are advised to dispose of their holding.

(Refer Resolution of the SAC of the SC, 2021, p 134 – 135)

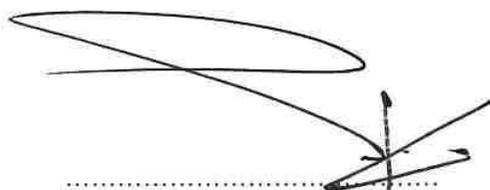
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S P SETIA BERHAD**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE
CONVERTIBLE PREFERENCE SHARES ("RCPS-i C")****3. Approval**

Based on our review of the structure and terms and conditions as documented above, and the Shariah considerations contained therein, we hereby confirm that the above proposed RCPS-i C is in compliance with the Shariah principles as well as the relevant guidelines formulated by the SC to regulate the issuance of preference shares and is an allowable preference shares under Shariah.

Yours faithfully,
On behalf of Amanie Advisors Sdn Bhd



Tan Sri Dr. Mohd Daud Bakar
Executive Chairman / Shariah Scholar

Date: **20 SEPTEMBER 2022**

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Supplemental Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the accuracy of the information given herein. Our Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts, the omission of which would make any statement herein false or misleading.

2. CONSENTS**2.1 RHB Investment Bank**

RHB Investment Bank, being the Principal Adviser to our Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Supplemental Circular.

2.2 Amanie Advisors

Amanie Advisors, being the Shariah Adviser to our Company for the Proposed Rights Issue, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the revised Shariah pronouncement letter and all references thereto in the form and context in which they appear in this Supplemental Circular.

3. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the documents set out in Section 5 of Appendix III of the Circular, the revised Shariah pronouncement letter issued by Amanie Advisors referred to in Appendix I of this Supplemental Circular is also available for inspection at the registered office of our Company at S P Setia Berhad Corporate HQ, No. 12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, during normal office hours from Mondays to Fridays (except public holidays) from the date of this Supplemental Circular up to and including the date of the Adjourned EGMs.

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