

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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S P SETIA BERHAD

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

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**

AND

NOTICES OF EXTRAORDINARY GENERAL MEETINGS

Principal Adviser



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The extraordinary general meetings ("**EGMs**") for the shareholders and holders of the RCPS-i A and RCPS-i B of S P Setia 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 Monday, 26 September 2022 at the time indicated below for each EGM or at any adjournment thereof. The notices convening the EGMs together with the Forms of Proxy are enclosed in this Circular.

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 EGMs. If you are unable to participate and vote at the respective 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 TIH Online at <https://tjih.online> not less than 48 hours before the time fixed for the respective EGMs or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the respective EGMs should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	: Saturday, 24 September 2022 at 9:00 a.m. (for shareholders of S P Setia) Saturday, 24 September 2022 at 10:30 a.m. (for holders of the RCPS-i A of S P Setia) Saturday, 24 September 2022 at 12:00 p.m. (for holders of the RCPS-i B of S P Setia)
Date and time of the EGM for the shareholders of S P Setia	: Monday, 26 September 2022 at 9:00 a.m.
Date and time of the EGM for holders of the RCPS-i A of S P Setia	: Monday, 26 September 2022 at 10:30 a.m. or following the conclusion or adjournment (as the case may be) of the EGM for the shareholders of S P Setia, whichever is later
Date and time of the EGM for holders of the RCPS-i B of S P Setia	: Monday, 26 September 2022 at 12:00 p.m. or following the conclusion or adjournment (as the case may be) of the EGM for holders of the RCPS-i A of S P Setia, whichever is later

This Circular is dated 2 September 2022

DEFINITIONS

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

2017 Rights Issue	:	Our Company's rights issue exercise undertaken in 2017 which involved the issuance of new Shares and RCPS-i B
Abridged Prospectus	:	The abridged prospectus in relation to the Proposed Rights Issue to be issued
Act	:	Companies Act 2016
Amanie Advisors	:	Amanie Advisors Sdn Bhd, the Shariah Adviser to our Company for the Proposed Rights Issue
ART	:	AmanahRaya Trustees Berhad, the trustee for the Funds under PNB's management
ART-ASB	:	Amanahraya Trustees Berhad - Amanah Saham Bumiputera
Base Case Scenario	:	Assuming that our Company raises the Intended Gross Proceeds of RM1,038.00 million under the Proposed Rights Issue and that all the Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue or underwriting arrangement(s) is/are made for the Open Portion
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to our shareholders and holders of the RCPS-i A and RCPS-i B dated 2 September 2022 in relation to the Proposals
EGM	:	Extraordinary general meeting
EGM for Holders of RCPS-i A	:	EGM for our holders of RCPS-i A in relation to the Proposed Rights Issue
EGM for Holders of RCPS-i B	:	EGM for our holders of RCPS-i B in relation to the Proposed Rights Issue
EGM for Shareholders	:	EGM for our shareholders in relation to the Proposals
Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	A date to be determined and announced later by our Board, on which names of our shareholders must appear in our Record of Depositors as at 5:00 p.m. on that date in order to be entitled to participate in the Proposed Rights Issue
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per Share
ESGP	:	Employee share grant plan of our Company

DEFINITIONS (Cont'd)

ESGP Shares	:	Shares which were granted to the eligible executive directors and employees of our Company and our non-dormant subsidiaries pursuant to the ESGP
ESOS	:	Employee share option scheme of our Company
ESOS Options	:	Options which were offered to the eligible executive directors and employees of our Company and our non-dormant subsidiaries pursuant to the ESOS
Foreign Addressed Shareholders	:	Our Entitled Shareholders who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Proposed Rights Issue
Funds	:	Comprising Amanah Saham Bumiputera, Amanah Saham Bumiputera 2, Amanah Saham Bumiputera 3 – Didik, Amanah Saham Nasional, ASN Equity 3, ASN Imbang 1, ASN Imbang 2, Amanah Saham Malaysia, Amanah Saham Malaysia 2 – Wawasan and Amanah Saham Malaysia 3
FYE	:	Financial year ended/ending, as the case may be
GDV	:	Gross development value
Group	:	Our Company and our subsidiaries, collectively
I&P	:	I&P Group Sdn. Berhad
I&P Acquisition	:	The acquisition of 1,000,000,000 ordinary shares in I&P, representing the entire equity interest in I&P, for a cash consideration of RM3.65 billion
Intended Gross Proceeds	:	The intended gross proceeds to be raised by our Company under the Proposed Rights Issue amounting to RM1,038.00 million
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	10 August 2022, being the latest practicable date prior to the date of this Circular
Maximum Scenario	:	Assuming that our Company raises maximum gross proceeds of RM1,180.00 million under the Proposed Rights Issue which was determined in the manner as set out in Section 2.1 of this Circular and takes into consideration, among others, the outstanding securities in our Company as at the LPD which may be exercised and/or converted (as the case may be) into new Shares after the Price-Fixing Date and determination of the entitlement basis for the Proposed Rights Issue but before the Entitlement Date and on the assumption that all the Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue or underwriting arrangement(s) is/are made for the Open Portion
Minimum Scenario	:	Assuming that our Company raises minimum gross proceeds of RM850.00 million under the Proposed Rights Issue which was determined in the manner as set out in Section 2.1 of this Circular and takes into consideration, among others, the Undertakings
Minimum Subscription Level	:	Minimum subscription basis to raise minimum gross proceeds of RM850.00 million under the Proposed Rights Issue

DEFINITIONS (Cont'd)

NA	:	Net assets
Official List	:	A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Open Portion	:	All or part of the remaining portion of the Proposed Rights Issue for which no irrevocable written undertakings to subscribe has been obtained
PAT	:	Profit after tax
PNB	:	Permodalan Nasional Berhad
Price-Fixing Date	:	A date on or before the date of announcement of the Entitlement Date on which our Board shall, after the receipt of all relevant approvals for the Proposed Rights Issue, determine and fix the entitlement basis for the Proposed Rights Issue, the issue price of the RCPS-i C and the conversion ratio for the RCPS-i C
Proposals	:	The Proposed Rights Issue and the Proposed Amendments, collectively
Proposed Amendments	:	Proposed amendments to the Constitution of our Company
Proposed Rights Issue	:	Proposed renounceable rights issue of RCPS-i C to raise gross proceeds of up to RM1,180.00 million
RCPS-i A	:	The Islamic redeemable convertible preference shares of our Company which were issued on 2 December 2016
RCPS-i B	:	The Class B Islamic redeemable convertible preference shares of our Company which were issued on 29 December 2017
RCPS-i C	:	New Class C Islamic redeemable convertible preference shares in our Company to be issued pursuant to the Proposed Rights Issue
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
S P Setia or Company	:	S P Setia Berhad
SC	:	Securities Commission Malaysia
Share(s)	:	Ordinary share(s) in our Company
Stepped-Up Preferential Dividend Rate	:	The additional stepped-up preferential dividend rate of 1.0% per annum above the expected preferential dividend rate of 5.93% per annum for the RCPS-i B
TERP	:	Theoretical ex-rights price
Undertaking Shareholders	:	PNB and the Funds, collectively

DEFINITIONS (Cont'd)

Undertakings : The irrevocable written undertakings provided by PNB and ART vide their letters dated 26 April 2022 and 27 April 2022 respectively, details of which are set out in Section 2.1.3 of this Circular

VWAMP : Volume weighted average market price

Currency

RM and sen : Ringgit Malaysia and sen, the lawful currency of Malaysia

References to “**our Company**” in this Circular are to S P Setia and references to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our shareholders and holders of the RCPS-i A and RCPS-i B, as applicable.

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

Any reference in this Circular to any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to such statute, rules, regulation or rules of stock exchange (as the case may be) currently in force or as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures presented by our Company, such as in the quarterly results, annual reports or annual accounts of our Company (as the case may be), is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company’s and/or our Group’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights the salient information on the Proposals as set out in this Circular. You are advised to read and carefully consider the contents of this Circular including the appendices contained herein before voting on the resolution(s) pertaining to the Proposed Rights Issue and/or Proposed Amendments (as the case may be) at our forthcoming EGM(s).

Salient information	Description	Reference to Circular
Details of the Proposals	<p>The Proposed Rights Issue will entail the issuance of RCPS-i C to the Entitled Shareholders on the Entitlement Date. The Proposed Rights Issue is intended to raise minimum gross proceeds of RM850.00 million under the Minimum Scenario and up to a maximum of RM1,180.00 million under the Maximum Scenario.</p> <p>The quantum of the Intended Gross Proceeds of RM1,038.00 million has been determined upfront by our Board while the entitlement basis for the Proposed Rights Issue as well as the issue price and conversion ratio for the RCPS-i C have not been determined at this juncture. The actual capital outlay required by the Entitled Shareholders to fully subscribe for their respective entitlements under the Proposed Rights Issue will depend on the actual entitlement basis and the issue price of the RCPS-i C to be determined by our Board and announced later by our Company on the Price-Fixing Date.</p> <p>The Proposed Amendments entails the consequential amendments to be made to the Constitution of our Company to facilitate the implementation of the Proposed Rights Issue.</p>	Sections 2.1 and 2.2
Basis and justification for determining the issue price and conversion ratio for the RCPS-i C	<p>The issue price and conversion ratio for the RCPS-i C will be determined by our Board and announced by our Company on the Price-Fixing Date.</p> <p>It is the intention of our Board to fix the issue price of the RCPS-i C at a discount ranging from 25% to 45% to the five (5)-day VWAMP of our Shares immediately preceding the Price-Fixing Date. The issue price of the RCPS-i C will be determined after taking into consideration, among others, the following:</p> <ul style="list-style-type: none">(i) the Intended Gross Proceeds;(ii) the total number of Shares in issue as at the Price-Fixing Date; and(iii) the five (5)-day VWAMP of our Shares immediately preceding the Price-Fixing Date. <p>The conversion ratio shall be at a premium to the TERP of our Shares since the RCPS-i C holders have the option to convert their RCPS-i C at any time by surrendering such number of RCPS-i C at the conversion ratio until our Company exercises the redemption option. In determining an appropriate premium, our Board will take into consideration, among others, the following:</p> <ul style="list-style-type: none">(i) the historical trading price of our Shares; and(ii) the future prospects of our Group.	Section 2.1.2

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
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The entitlement basis and the corresponding number of RCPS-i C to be issued can only be determined after the issue price of the RCPS-i C is fixed on the Price-Fixing Date. Our Board will determine an appropriate entitlement basis that would allow our Company to raise an amount which is close to the Intended Gross Proceeds i.e. RM1,038.00 million, based on the final issue price of the RCPS-i C.

Subscription basis, undertakings and underwriting

The Proposed Rights Issue is presently proposed to be carried out on the Minimum Subscription Level basis.

Section 2.1.3

In order to meet the Minimum Subscription Level, our Company has procured the following irrevocable written undertakings:

- (i) letter of undertaking dated 26 April 2022 from PNB, being the major shareholder of our Company, pursuant to which PNB irrevocably undertakes to subscribe in full for its entitlement under the Proposed Rights Issue as at the Entitlement Date; and
- (ii) letter of undertaking dated 27 April 2022 from ART, being the major shareholder of our Company, pursuant to which ART, as trustee for the Funds under PNB's management, irrevocably undertakes that the Funds will subscribe in full for their respective entitlements under the Proposed Rights Issue as at the Entitlement Date and apply by way of excess application, additional RCPS-i C not taken up or not validly taken up by other Entitled Shareholders and/or their renounee(s) under the Proposed Rights Issue, up to a maximum of 23.5% of the rights issue size.

As at the date of this Circular, our Company has not finalised any underwriting arrangement. However, our Company may procure underwriting arrangement(s) for the Open Portion. Underwriting arrangement(s) for the Open Portion, if any, will be determined and finalised at a later date.

Utilisation of proceeds

Our Company intends to utilise the gross proceeds raised from the Proposed Rights Issue in the following manner:

Section 3

Details of utilisation	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)	Timeframe for utilisation
Redemption of the RCPS-i B	850,000	1,035,218	809,133	Within three (3) months
Payment of existing bank loan and financing facility	-	-	365,767	Within six (6) months
Estimated expenses in relation to the Proposals	-	2,782	5,100	Within one (1) month
Total estimated proceeds	850,000	1,038,000	1,180,000	

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
Rationale for the Proposals	<p>The Proposed Rights Issue is undertaken to raise gross proceeds to finance the redemption of all the outstanding RCPS-i B which were issued on 29 December 2017 and bears a preferential dividend rate of 5.93% per annum. In addition, based on the terms of the RCPS-i B, the Stepped-Up Preferential Dividend Rate of 1.0% per annum shall be payable on the RCPS-i B on an annual basis, from the period commencing on and including the 5th anniversary of the issue date of the RCPS-i B, i.e. from 29 December 2022 onwards until the redemption date.</p> <p>The preferential dividend of the RCPS-i B of 5.93% per annum as well as the Stepped-Up Preferential Dividend Rate of 1.0% per annum was determined by our Board in 2017 after taking into consideration, among others, the then prevailing interest rates.</p> <p>Our Board believes that the Stepped-Up Preferential Dividend Rate would be excessive amid the country's current low interest rate environment and could be detrimental to our Group in the longer run as any savings could instead be channelled to fund our Group's general working capital requirement, capital expenditures and/or continuing growth and expansion plans of our Group. As a result, our Company intends to redeem all the outstanding RCPS-i B upon the 5th anniversary of the issue date of the RCPS-i B and the RCPS-i C to be issued under the Proposed Rights Issue will bear a lower preferential dividend rate of 5.43% per annum, with a stepped-up due only on the 5th anniversary of the issue date of the RCPS-i C.</p> <p>The Proposed Amendments is meant to facilitate the implementation of the Proposed Rights Issue.</p>	Section 4
Approvals required	<p>The Proposals are subject to the approvals being obtained from the following:</p> <ul style="list-style-type: none">(i) Bursa Securities for the admission to the Official List and listing and quotation of up to 2,662,466,676 new RCPS-i C to be issued pursuant to the Proposed Rights Issue, as well as the listing and quotation of up to 1,597,480,005 new Shares to be issued arising from the conversion of the new RCPS-i C, which was obtained vide its letter dated 15 August 2022, subject to the conditions as set out in Section 9 of this Circular;(ii) Shariah Advisory Council of the SC for the structure of the RCPS-i C, which was obtained vide its letter dated 21 July 2022;(iii) our shareholders at the forthcoming EGM for Shareholders in relation to the Proposals;(iv) our holders of RCPS-i A and RCPS-i B at the forthcoming EGM for Holders of RCPS-i A and EGM for Holders of RCPS-i B respectively in relation to the Proposed Rights Issue; and(v) any other relevant authorities and/or parties, if required. <p>The Proposed Rights Issue and the Proposed Amendments are inter-conditional upon each other.</p>	Section 9

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
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 Proposals, save for their respective entitlements as shareholders of our Company in respect of the Proposed Rights Issue, including their rights to apply for excess RCPS-i C, which are also available to the other Entitled Shareholders.	Section 11
Directors' statement and recommendation	<p>Our Board, after having considered all aspects of the Proposals, including the rationale and pro forma effects of the Proposals, as well as the utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interest of our Company.</p> <p>Accordingly, our Board recommends that you vote in favour of the resolution(s) pertaining to the (i) Proposals, to be tabled at our forthcoming EGM for Shareholders; and (ii) Proposed Rights Issue, to be tabled at our forthcoming EGM for Holders of RCPS-i A and EGM for Holders of RCPS-i B.</p>	Section 12

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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

2 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 27 April 2022, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to undertake the Proposed Rights Issue and the Proposed Amendments.

On 22 July 2022, RHB Investment Bank had, on behalf of our Board, announced that the Shariah Advisory Council of the SC had vide its letter dated 21 July 2022 stated that it has no objection to the Proposed Rights Issue.

On 16 August 2022, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 15 August 2022, approved the following:

- (i) admission to the Official List and listing and quotation of up to 2,662,466,676 new RCPS-i C to be issued pursuant to the Proposed Rights Issue; and
- (ii) listing and quotation of up to 1,597,480,005 new Shares to be issued arising from the conversion of the new RCPS-i C,

subject to the conditions as set out in Section 9 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION(S) PERTAINING TO THE (I) PROPOSALS, TO BE TABLED AT THE FORTHCOMING EGM FOR SHAREHOLDERS; AND (II) PROPOSED RIGHTS ISSUE, TO BE TABLED AT THE FORTHCOMING EGM FOR HOLDERS OF RCPS-i A AND EGM FOR HOLDERS OF RCPS-i B. THE NOTICES OF EGM TOGETHER WITH THE FORMS OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION(S) PERTAINING TO THE (I) PROPOSALS, TO BE TABLED AT THE FORTHCOMING EGM FOR SHAREHOLDERS; AND (II) PROPOSED RIGHTS ISSUE, TO BE TABLED AT THE FORTHCOMING EGM FOR HOLDERS OF RCPS-i A AND EGM FOR HOLDERS OF RCPS-i B.

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue will entail the issuance of RCPS-i C to the Entitled Shareholders on the Entitlement Date.

The Proposed Rights Issue is intended to raise minimum gross proceeds of RM850.00 million under the Minimum Scenario and up to a maximum of RM1,180.00 million under the Maximum Scenario.

The Minimum Scenario was determined based on the following:

- (i) the Intended Gross Proceeds of RM1,038.00 million which our Company wishes to raise to finance the funding requirements of our Group as set out in Section 3 of this Circular, which include the redemption of all the 1,176,383,600 RCPS-i B amounting to RM1,035.22 million; and
- (ii) the irrevocable undertakings received from the major shareholders of our Company to subscribe in full for their respective entitlements under the Proposed Rights Issue and apply for excess RCPS-i C (based on the final issue price of the RCPS-i C and entitlement basis for the Proposed Rights Issue) as set out in Section 2.1.3 of this Circular. As our Company has not finalised any underwriting arrangement as at the date of this Circular, it is assumed that our Company will only achieve the Minimum Subscription Level of RM850.00 million as detailed in Section 2.1.3 of this Circular, under the Minimum Scenario.

On the other hand, the Maximum Scenario was determined based on the illustrative issue price, entitlement basis and conversion ratio of the RCPS-i C as set out in Section 7 of this Circular and on the assumption that the outstanding securities in our Company as at the LPD (as detailed in Section 7 of this Circular) are exercised and/or converted (as the case may be) after the Price-Fixing Date and determination of the entitlement basis for the Proposed Rights Issue but before the Entitlement Date, such that the new Shares to be issued thereon will also be entitled to the Proposed Rights Issue.

The quantum of the Intended Gross Proceeds has been determined upfront by our Board while the entitlement basis for the Proposed Rights Issue as well as the issue price and conversion ratio for the RCPS-i C have not been determined at this juncture. Our Board believes that pricing the RCPS-i C closer to the implementation of the Proposed Rights Issue would allow the issue price to be more reflective of the prevailing market conditions and the market price of our Shares at that point in time.

The Intended Gross Proceeds has been determined upfront to provide an indication to the shareholders of our Company with respect to the capital outlay required to fully subscribe for their respective entitlements under the Proposed Rights Issue, which could be approximated by multiplying the Intended Gross Proceeds with their respective shareholdings in our Company. For illustrative purpose, based on the Intended Gross Proceeds and 4,075,488,387 Shares in issue as at the LPD, the capital outlay required from a shareholder holding 1,000 Shares who wishes to subscribe for his/her entitlement is approximately RM255.

The actual capital outlay required by the Entitled Shareholders to fully subscribe for their respective entitlements under the Proposed Rights Issue will depend on the actual entitlement basis and the issue price of the RCPS-i C to be determined by our Board and announced later by our Company on the Price-Fixing Date.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their respective entitlements to the RCPS-i C in full or in part.

The RCPS-i C will be provisionally allotted to the Entitled Shareholders. In determining shareholders' entitlements under the Proposed Rights Issue, fractional entitlements for the RCPS-i C, if any, will be disregarded and dealt with in such manner and on such terms and conditions as our Board in its absolute discretion deems fit or expedient or in the best interest of our Company.

The RCPS-i C which are not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s). It is the intention of our Board to allocate the excess RCPS-i C in a fair and equitable manner on a basis to be determined by our Board.

2.1.1 Salient terms of the RCPS-i C

The indicative salient terms of the RCPS-i C to be issued pursuant to the Proposed Rights Issue are as follows:

Issuer	:	S P Setia.
Form	:	The RCPS-i C will be issued in registered form.
Tenure	:	Perpetual.
Issue Date	:	The date of issue of the RCPS-i C will be determined by our Board.
Dividend	:	The RCPS-i C shall carry the right to receive preferential dividends, out of the distributable profits of our Company earned from the 1 st day of the calendar month following the Issue Date (" Profits "), when declared and approved by our Board, at the expected preferential dividend rate of 5.43% per annum.

From the period commencing on and including the 5th anniversary of the Issue Date until the Redemption Date (as defined 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 applicable) on any Preferential Dividend Entitlement Date (as defined below) ("**Expected Preferential Dividend Rate**") shall not exceed a total rate of 20% per annum.

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**”).

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 our Board.

On any Preferential Dividend Entitlement Date:

- (i) in the event that the Profits are lower than the Expected Preferential Dividend Amount and our Company does not declare preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):
 - (a) our Company may, at our 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 our Company on a particular Preferential Dividend Entitlement Date, if any, shall be referred to as “**Declared Sum**”); and
 - (b) 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.

The aforementioned mechanism is illustrated as follows:

Scenario 1:

*Assumed Expected Preferential Dividend Amount at the rate of 5.43% per annum : * RM64 million*

<i>Assumed Profits</i>	: <i>RM50 million</i>
<i>Less: Declared Sum</i>	: <i>RM40 million</i>
<i>Deferred Dividends 1 (i.e. cumulative)</i>	: <u><i>RM10 million</i></u>

Scenario 2

Assumed Expected Preferential : * RM64 million
Dividend Amount at the rate of
5.43% per annum

Assumed Profits	:	RM50 million
Less: Declared Sum	:	RM50 million
Deferred Dividends 1	:	<u>Nil</u>

Note:

* Calculated based on the value of RCPS-i C to be issued under the Maximum Scenario of RM1,180.00 million.

- (ii) in the event that the Profits are higher than the Expected Preferential Dividend Amount and our Company does not declare preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):
- (a) 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.

The aforementioned mechanism is illustrated as follows:

Assumed Profits : RM100 million

Assumed Expected Preferential	:	* RM64 million
Dividend Amount at the rate of		5.43% per annum
Less: Declared Sum	:	RM50 million
Deferred Dividends 2 (i.e. cumulative)	:	<u>RM14 million</u>

Note:

* Calculated based on the value of RCPS-i C to be issued under the Maximum Scenario of RM1,180.00 million.

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

"**Cumulative Condition**" of the RCPS-i C means on any particular Preferential Dividend Entitlement Date, our 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 our 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 Securities that such amount of Deferred Dividends on such Preferential Dividend Entitlement Date shall be cumulative.

The Deferred Dividends shall not be payable to the RCPS-i C holders if our 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 our Company. Accordingly, the RCPS-i C holders shall (in and for compliance with Shariah, and by the decision of our Board at the relevant time on their behalf) waive all Deferred Dividends that our 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 our Company has not declared.

Where there is no Profit available for the declaration and payment of dividends (in accordance with our Constitution and the Act (or such applicable legislation for the time being)), our 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.

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.

Subject to the rights to the preferential dividends declared and distributed as our 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 our Company (if any) remaining at such time after the payment of the preferential dividends, with such waiver to be decided by our Board at the point of declaration of the preferential dividends, on their behalf.

Conversion Rights : 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 Redemption Date, into such number of fully-paid new Shares, without payment of any consideration and in accordance with the Conversion Ratio (as defined below).

For the avoidance of doubt, **no payment is required for the conversion of RCPS-i C into new Shares.**

Conversion Ratio : The conversion ratio will be determined and announced by our Board on the Price-Fixing Date.

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 our Board, in the event of any alteration to our 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 our Constitution. Our Company shall give notice in writing to the RCPS-i C holders of our intention to make such adjustments to the Conversion Ratio.

Redemption : (i) Our Company may at any time on or after the 5th anniversary of the Issue Date, at our 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 our 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 our Company, such notice of redemption shall be subject to all directors of our 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.

(ii) On the Redemption Date, our 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 issue price of RCPS-i C; (ii) any preferential dividends declared but unpaid as at the Redemption Date; and (iii) any Deferred Dividends as at the Redemption Date.

- (iii) 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.

Rights to receive notices, reports and attend meetings and voting rights : The RCPS-i C holders shall be entitled to the same rights as our 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 our 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 our Company's share capital;
- (iii) on a proposal for the disposal of substantially the whole of our Company's property, business and undertaking;
- (iv) on a proposal to wind up our Company;
- (v) during the winding up of our Company; or
- (vi) on any proposal that affects the rights and privileges attached to the RCPS-i C, including the amendments to our 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 meetings to one (1) vote for each RCPS-i C held.

Listing status : The RCPS-i C and the new Shares to be issued arising from the conversion of the RCPS-i C will be listed and quoted on the Main Market of Bursa Securities.

Ranking of RCPS-i C : 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.

Rating : The RCPS-i C will not be rated.

Governing law : Laws and regulations of Malaysia.

2.1.2 Basis and justification for determining the issue price and conversion ratio for the RCPS-i C

The issue price of the RCPS-i C will be determined by our Board, and announced by our Company on the Price-Fixing Date after our Company's receipt of all requisite approvals for the Proposed Rights Issue, but before the announcement of the Entitlement Date. For information purpose, it is the intention of our Board to fix the issue price of the RCPS-i C at a discount ranging from 25% to 45% to the five (5)-day VWAMP of our Shares immediately preceding the Price-Fixing Date.

The issue price of the RCPS-i C will be determined after taking into consideration, among others, the following:

- (i) the Intended Gross Proceeds;
- (ii) the total number of Shares in issue as at the Price-Fixing Date; and
- (iii) the five (5)-day VWAMP of our Shares immediately preceding the Price-Fixing Date.

The conversion ratio will be determined by our Board and announced by our Company on the Price-Fixing Date and shall be at a premium to the TERP of our Shares since the RCPS-i C holders have the option to convert their RCPS-i C at any time by surrendering such number of RCPS-i C at the conversion ratio until our Company exercises the redemption option. In determining an appropriate premium, our Board will take into consideration, among others, the following:

- (i) the historical trading price of our Shares; and
- (ii) the future prospects of our Group.

The entitlement basis and the corresponding number of RCPS-i C to be issued can only be determined after the issue price of the RCPS-i C is fixed on the Price-Fixing Date. Our Board will determine an appropriate entitlement basis that would allow our Company to raise an amount which is close to the Intended Gross Proceeds i.e. RM1,038.00 million, based on the final issue price of the RCPS-i C.

Solely for illustrative purpose throughout this Circular, the issue price, entitlement basis and conversion ratio of the RCPS-i C are assumed as follows:

	Notes	
Issue price		RM0.50
Entitlement basis	(i)	28 RCPS-i C for every 55 Shares held
Conversion ratio	(ii)	Four (4) new Shares for every seven (7) RCPS-i C held

Notes:

- (i) *The illustrative entitlement basis for the RCPS-i C was derived in the following manner:*

$$(a) \frac{\text{Intended Gross Proceeds}}{\text{Illustrative issue price of the RCPS-i C}} = \text{Illustrative number of RCPS-i C to be issued}$$

$$\frac{\text{RM1,038.00 million}}{\text{RM0.50}} = 2,076.00 \text{ million}$$

thereafter,

$$(b) \frac{\text{Illustrative number of RCPS-i C to be issued}}{\text{Total number of Shares in issue as at the LPD}} = \text{Illustrative entitlement ratio for the RCPS-i C}$$

$$\frac{2,076.00 \text{ million}}{4,075.49 \text{ million}} = 0.51$$

Based on the illustrative entitlement ratio for the RCPS-i C of 0.51, the illustrative entitlement basis for the RCPS-i C shall be 28 RCPS-i C for every 55 Shares held.

- (ii) Based on the illustrative issue price and conversion ratio, the implied conversion price for the RCPS-i C (i.e. $RM0.50 \times 7/4$) is approximately RM0.88 for every new Share. This represents a premium of approximately 7.86% to the TERP of our Shares of RM0.8112, calculated based on the five (5)-day VWAMP of our Shares up to and including the LPD of RM0.7927.

Our Company wishes to highlight that the assumptions above are merely illustrative and should not be regarded as an indication or reference to the final issue price, entitlement basis and conversion ratio of the RCPS-i C.

2.1.3 Subscription basis, undertakings and underwriting

The Proposed Rights Issue is presently proposed to be carried out on the Minimum Subscription Level basis.

- (i) Irrevocable undertakings

In order to meet the Minimum Subscription Level, our Company has procured the following irrevocable written undertakings:

- (a) letter of undertaking dated 26 April 2022 from PNB, being the major shareholder of our Company, pursuant to which PNB irrevocably undertakes to subscribe in full for its entitlement under the Proposed Rights Issue as at the Entitlement Date; and
- (b) letter of undertaking dated 27 April 2022 from ART, being the major shareholder of our Company, pursuant to which ART, as trustee for the Funds under PNB's management, irrevocably undertakes that the Funds will subscribe in full for their respective entitlements under the Proposed Rights Issue as at the Entitlement Date and apply by way of excess application, additional RCPS-i C not taken up or not validly taken up by other Entitled Shareholders and/or their renounee(s) under the Proposed Rights Issue, up to a maximum of 23.5% of the rights issue size.

For illustrative purpose, based on the shareholdings of the Undertaking Shareholders in our Company, the capital outlay required by them to subscribe in full for their respective entitlements under the Proposed Rights Issue and apply for excess RCPS-i C are as follows:

	Shareholdings ⁽¹⁾		Capital outlay to subscribe in full for their entitlements ⁽³⁾ (RM'mil)	Capital outlay to apply for excess RCPS-i C (RM'mil)	Total capital outlay (RM'mil)
	No. of Shares	⁽²⁾ %			
PNB	1,060,092,558	26.06	271	-	271
Funds	1,441,858,360	35.44	368	244	612
Total	2,501,950,918	61.50	639	244	883

Notes:

- (1) Based on their respective shareholdings as at 8 April 2022 as disclosed in their respective Undertakings.
- (2) Based on the total number of issued Shares of our Company as at 8 April 2022 of 4,068,112,316 Shares.
- (3) The illustrative capital outlay by PNB and the Funds to subscribe in full for their respective entitlements were computed based on their shareholdings in our Company as at 8 April 2022 multiplied by the Intended Gross Proceeds and rounded up to the nearest million.

The actual entitlements of PNB and the Funds can only be determined upon the fixing of the entitlement basis for the Proposed Rights Issue and the issue price of the RCPS-i C.

The Undertaking Shareholders have confirmed, through their respective Undertakings, that they have sufficient financial resources to fulfil their commitments under their respective Undertakings and will make full payment for the RCPS-i C upon subscription. RHB Investment Bank has verified that the Undertaking Shareholders have sufficient financial resources to fulfil their commitments under their respective Undertakings.

In the event the Minimum Subscription Level is not achieved, our Company will not be able to complete the Proposed Rights Issue. All subscription monies received pursuant to the Proposed Rights Issue will be refunded without interest to the subscribing Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable). As at the LPD, our Company does not have any alternative fund-raising plan in the event the Proposed Rights Issue is not completed. In this regard, our Company will reassess the prospects of redeeming the RCPS-i B using other sources of funds such as internal funds vis-à-vis our Group's cash flows and working capital requirements at that point in time.

The Undertakings will not give rise to any mandatory take-over offer obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC.

(ii) Underwriting

As at the date of this Circular, our Company has not finalised any underwriting arrangement. However, our Company may procure underwriting arrangement(s) for the Open Portion. The decision on whether underwriting arrangement(s) will be put in place for the Proposed Rights Issue would depend on, among others, the terms of underwriting arrangements to be agreed on with potential underwriter(s). Underwriting arrangement(s) for the Open Portion, if any, will be determined and finalised at a later date.

2.1.4 Ranking of the new Shares to be issued pursuant to the conversion of the RCPS-i C

The new Shares to be issued pursuant to the conversion of the RCPS-i C shall upon allotment and issuance, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid to ordinary shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

2.1.5 Listing and quotation of the RCPS-i C and new Shares to be issued pursuant to the conversion of the RCPS-i C

Bursa Securities had, vide its letter dated 15 August 2022 approved the admission of the RCPS-i C to the Official List as well as the listing and quotation of up to 2,662,466,676 RCPS-i C and up to 1,597,480,005 new Shares to be issued pursuant to the conversion of the RCPS-i C.

2.2 Details of the Proposed Amendments

The Proposed Amendments entails the consequential amendments to be made to the Constitution of our Company to facilitate the implementation of the Proposed Rights Issue.

Please refer to Appendix I of this Circular for further details of the Proposed Amendments.

3. UTILISATION OF PROCEEDS

Our Company intends to utilise the gross proceeds raised from the Proposed Rights Issue in the following manner:

Details of utilisation	Notes	Minimum Scenario (RM'000)	Base Case Scenario [^] (RM'000)	Maximum Scenario [#] (RM'000)	Timeframe for utilisation [*]
Redemption of the RCPS-i B	(i)	850,000	1,035,218	809,133	Within three (3) months
Payment of existing bank loan and financing facility	(ii)	-	-	365,767	Within six (6) months
Estimated expenses in relation to the Proposals	(iii)	-	2,782	5,100	Within one (1) month
Total estimated proceeds		850,000	1,038,000	1,180,000	

Notes:

[^] In addition to the Minimum Scenario and Maximum Scenario as set out in Section 2.1 of this Circular, a Base Case Scenario has been included in this section to illustrate a scenario wherein our Company is able to raise the Intended Gross Proceeds of RM1,038.00 million, assuming that all the Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue or underwriting arrangement(s) is/are made for the Open Portion.

[#] For the avoidance of doubt, our Company will only raise gross proceeds under the Maximum Scenario if the outstanding securities in our Company as at the LPD (as detailed in Section 7 of this Circular) are exercised and/or converted (as the case may be) after the Price-Fixing Date and determination of the entitlement basis for the Proposed Rights Issue but before the Entitlement Date, such that the new Shares to be issued thereon will also be entitled to the Proposed Rights Issue.

^{*} From the date of completion of the Proposed Rights Issue.

(i) As at the LPD, our Company has 1,176.38 million RCPS-i B amounting to RM1,035.22 million in issue. In accordance with the terms of the RCPS-i B, our Company may at any time on or after the 5th anniversary of the issue date of the RCPS-i B, i.e. 29 December 2017, at our discretion, redeem all (and not part) of the outstanding RCPS-i B by giving not less than 30 days' notice in writing to the holders of RCPS-i B of our intention to do so, subject to compliance with the Act. The redemption of the RCPS-i B shall take effect on the 30th day from the date of the said notice or such other later date as may be specified in the said notice.

As it is the intention of our Company to redeem all the outstanding RCPS-i B upon the 5th anniversary of the issue date of the RCPS-i B, our Company intends to utilise RM1,035.22 million of the proceeds to be raised from the Proposed Rights Issue for the said redemption.

In the event that the gross proceeds to be raised under the Proposed Rights Issue are insufficient to fully redeem the outstanding RCPS-i B, our Company will fund the remaining balance required to fully redeem the outstanding RCPS-i B using our internal funds.

For information purpose, the RCPS-i B were issued pursuant to the 2017 Rights Issue. The 2017 Rights Issue raised gross proceeds of RM2,133.25 million which have been fully utilised for the following purposes:

- (a) to part-finance the I&P Acquisition;
- (b) to fund part of the property development costs of new and on-going projects of our enlarged Group (after the I&P Acquisition);
- (c) for the working capital requirements of our enlarged Group (after the I&P Acquisition); and
- (d) to defray expenses incurred for the I&P Acquisition and the 2017 Rights Issue.

Based on the preferential dividend rate of 5.43% per annum for the RCPS-i C and the amount of RCPS-i C to be issued under each scenario, the redemption of all the outstanding RCPS-i B will result in the following annual gross savings in preferential dividend payments if compared to the prevailing preferential dividend rate of 5.93% per annum for the RCPS-i B and the Stepped-Up Preferential Dividend Rate of 6.93% per annum (as detailed in Note 2 below):

		Minimum Scenario	Base Case Scenario	Maximum Scenario
Value of RCPS-i C to be issued		RM850.00 million	RM1,038.00 million	RM1,180.00 million
Value of RCPS-i B to be redeemed		RM1,035.22 million	RM1,035.22 million	RM809.13 million
Gross proceeds used to redeem the RCPS-i B		⁽¹⁾ RM850.00 million	RM1,035.22 million	RM809.13 million
Preferential dividend rates				
(i) RCPS-i C (per annum)		5.43%	5.43%	5.43%
(ii) RCPS-i B (per annum)		5.93% and ⁽²⁾ 6.93%	5.93% and ⁽²⁾ 6.93%	5.93% and ⁽²⁾ 6.93%
Annual preferential dividend payments				
(i) RCPS-i C	A	RM46.16 million	RM56.36 million	RM64.07 million
(ii) RCPS-i B				
- Based on 5.93%	B	RM61.39 million	RM61.39 million	RM47.98 million
- Based on 6.93%	C	RM71.74 million	RM71.74 million	RM56.07 million
Annual gross savings in preferential dividend payments				
(i) 5.43% compared to 5.93%	B - A	⁽¹⁾ RM11.53 million	RM5.03 million	n.a.
(ii) 5.43% compared to 6.93%	C - A	⁽¹⁾ RM21.88 million	RM15.38 million	n.a.

Notes:

n.a. Not applicable. Under the Maximum Scenario, it is assumed that the outstanding securities in our Company as at the LPD including the RCPS-i B (as detailed in Section 7 of this Circular) are exercised and/or converted (as the case may be) after the Price-Fixing Date and determination of the entitlement basis for the Proposed Rights Issue but before the Entitlement Date. As such, the proceeds to be raised from the issuance of the RCPS-i C and the annual preferential dividend payable thereon will exceed the amount required for the redemption of the RCPS-i B and the annual preferential dividend payments for the RCPS-i B respectively.

(1) Assuming that our Company will fund the remaining balance required to fully redeem the outstanding RCPS-i B using our internal funds. The calculation of annual gross savings in preferential dividend payments takes into consideration our Group's potential loss of interest income of RM3.70 million from our internal funds used to part finance the redemption of the RCPS-i B, calculated at the rate of 2.00% per annum based on our Group's average interest rate for our prevailing one (1) month fixed deposits.

(2) Based on the terms of the RCPS-i B, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected preferential dividend rate of 5.93% per annum, shall be payable on the RCPS-i B on an annual basis, from the period commencing on and including the 5th anniversary of the issue date of the RCPS-i B i.e. from 29 December 2022 onwards until the redemption date.

- (ii) In line with our Company's de-gearing initiatives and plans to optimise our Group's capital structure, our Company intends to utilise RM365.77 million of the proceeds to be raised under the Maximum Scenario for the payment of our existing floating rate bank loan and financing facility. As at the LPD, the total borrowings of our Group stood at RM12.7 billion and our Company has identified the following bank loan and financing facility to be paid:

	Type of facility	Purpose of the facility	All in interest/profit rate (%)	Maturity date	Outstanding amount (RM'000)	Amount to be paid using the proceeds raised from the Proposed Rights Issue (RM'000)
(a)	Term loan	To fund development projects and other investments undertaken by our Group	4.42 [^]	April 2024	150,000	150,000
(b)	Commodity Murabahah Term Financing-i	To part finance our Company's acquisition of the remaining 50% equity interest in Setia Federal Hill Sdn Bhd from Mekar Gemilang Sdn Bhd	4.03 [^]	October 2024	294,000	215,767
Total					444,000	365,767

[^] Based on the prevailing cost of funds of the respective banks plus a credit spread.

Based on the prevailing interest/profit rates of the bank loan and financing facility to be paid, the payment of the aforementioned bank loan and financing facility is expected to result in annual gross interest/profit savings of RM15.33 million.

- (iii) The estimated expenses in relation to the Proposals consist of the following:

	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Professional fees	1,299	1,299
Fees payable to regulatory authorities	271	271
Underwriting commission [^]	# 982	3,300
Printing and despatch costs for this Circular, the Abridged Prospectus together with the notice of provisional allotment and the rights subscription form for the RCPS-i C, cost to convene the EGMs and other incidental expenses relating to the Proposals	230	230
Total	2,782	5,100

Notes:

[^] Calculated on the assumption that 15.00% of the Intended Gross Proceeds will be underwritten at an indicative underwriting commission of 2.00%, including sales and service tax of 6%.

Our Company will fund the remaining estimated underwriting commission of RM2.32 million using our internal funds.

Under the Minimum Scenario, our Company will defray the estimated expenses in relation to the Proposals using our internal funds.

Any excess/shortfall in the amount allocated for the defrayment of estimated expenses in relation to the Proposals under the Maximum Scenario will be adjusted to/from the gross proceeds which have been earmarked for payment of existing bank loan and financing facility.

The actual gross proceeds to be raised from the Proposed Rights Issue cannot be determined at this juncture as it is dependent on the final issue price of the RCPS-i C, the number of RCPS-i C to be issued and the final subscription level of the Proposed Rights Issue. Any difference in the actual gross proceeds raised from the Proposed Rights Issue under the Base Case Scenario and Maximum Scenario will be adjusted against the amounts earmarked for estimated expenses in relation to the Proposals and payment of existing bank loan and financing facility respectively.

For the avoidance of doubt, proceeds raised from the Proposed Rights Issue will be used in Shariah-compliant manner.

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 our Group's working capital requirements.

There will be no proceeds raised from the conversion of the RCPS-i C into new Shares as such conversion will be satisfied through the surrender of such number of RCPS-i C at its conversion ratio.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Rights Issue

The Proposed Rights Issue is undertaken to raise gross proceeds to finance the redemption of all the outstanding RCPS-i B which were issued on 29 December 2017 and bears a preferential dividend rate of 5.93% per annum. In addition, based on the terms of the RCPS-i B, the Stepped-Up Preferential Dividend Rate of 1.0% per annum shall be payable on the RCPS-i B on an annual basis, from the period commencing on and including the 5th anniversary of the issue date of the RCPS-i B, i.e. from 29 December 2022 onwards until the redemption date. The payment of the Stepped-Up Preferential Dividend Rate is, however, subject to the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends) not exceeding a total rate of 20% per annum. In the event that our Company raises gross proceeds which are insufficient to fully redeem the outstanding RCPS-i B, our Company will fund the remaining balance required to fully redeem the outstanding RCPS-i B by using our internal funds.

For information purpose, the RCPS-i B were issued in conjunction with our Company's 2017 Rights Issue which raised gross proceeds of RM2,133.25 million and have been fully utilised to, among others, part-finance the I&P Acquisition, part finance the property development costs of new and on-going projects of our enlarged Group (after the I&P Acquisition) as well as to finance the working capital requirements of our enlarged Group (after the I&P Acquisition).

In accordance with the terms of the RCPS-i B, our Company may at any time on or after the 5th anniversary of the issue date of the RCPS-i B, at our discretion, redeem all (and not part) of the outstanding RCPS-i B by giving not less than 30 days' notice in writing to the holders of RCPS-i B of our intention to do so, subject to compliance with the Act. The RCPS-i B shall be redeemed in cash at a redemption price which shall be the aggregate of (i) the issue price of the RCPS-i B; (ii) any preferential dividends declared but unpaid as at the redemption date; and (iii) any deferred dividends as at the redemption date. Save for the semi-annual preferential dividend of 5.93% per annum in respect of the financial period from 1 January 2022 to 30 June 2022 that was declared by the Company on 19 August 2022 and payable on 30 September 2022, there is no outstanding preferential dividends for the RCPS-i B which have been declared but not paid.

The preferential dividend of the RCPS-i B of 5.93% per annum as well as the Stepped-Up Preferential Dividend Rate of 1.0% per annum was determined by our Board in 2017 after taking into consideration, among others, the then prevailing interest rates. Our Board believes that the Stepped-Up Preferential Dividend Rate would be excessive amid the country's current low interest rate environment and could be detrimental to our Group in the longer run as any savings could instead be channelled to fund our Group's general working capital requirement, capital expenditures and/or continuing growth and expansion plans of our Group. As a result, our Company intends to redeem all the outstanding RCPS-i B upon the 5th anniversary of the issue date of the RCPS-i B and the RCPS-i C to be issued under the Proposed Rights Issue will bear a lower preferential dividend rate of 5.43% per annum, with a stepped-up due only on the 5th anniversary of the issue date of the RCPS-i C.

Further, based on the issue price of the RCPS-i B of RM0.88 each and the conversion ratio of the RCPS-i B of five (5) new Shares for every 21 RCPS-i B held, the implied conversion price for the RCPS-i B would be approximately RM3.70 per Share which presently represents a steep premium of 368.35% to the prevailing share price of our Company, which closed at RM0.79 on the LPD. Hence, the holders of RCPS-i B are unlikely to convert their RCPS-i B into new Shares, in which case our Company will be required to continue paying preferential dividends until the RCPS-i B are fully redeemed.

For information purpose, the RCPS-i A were issued on 2 December 2016 and bears a preferential dividend of 6.49% per annum with a similar stepped-up preferential dividend rate of 1.0% per annum above the preferential dividend rate commencing from the 15th anniversary of the issue date of the RCPS-i A until the redemption date. Similar to the RCPS-i B, the payment of the said stepped-up preferential dividend rate is subject to the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends) not exceeding a total rate of 20% per annum. Although the RCPS-i A bears a higher preferential dividend rate than the RCPS-i B, pursuant to our Constitution, the outstanding RCPS-i A can only be redeemed on or after the 15th anniversary of the issue date of the RCPS-i A, i.e. from 2 December 2031 onwards, subject to compliance with the Act.

Our Board is of the view that the Proposed Rights Issue is an appropriate avenue to raise the necessary funding for our Group premised on the following reasons:

- (i) similar to the existing RCPS-i B, the RCPS-i C would be classified as an equity instrument on the statements of financial position of our Group, hence maintaining a similar equity capital structure for our Group upon redemption of the RCPS-i B;
- (ii) the issuance of the RCPS-i C would enable our Company to secure funding of up to RM1,180.00 million at the preferential dividend rate of 5.43% per annum, redeemable at the option of our Company on or after the 5th anniversary of its issue date, and also reduce our Company's exposure to interest rate fluctuation which would otherwise arise from bank borrowings;
- (iii) the issuance of the RCPS-i C will not have an immediate dilutive effect on the EPS of our Group, which would otherwise arise from the issuance of new Shares, as the conversion of the RCPS-i C is expected to occur over a period of time;
- (iv) the issuance of the RCPS-i C will provide the Entitled Shareholders with an opportunity to increase their equity participation in our Company through conversion of the RCPS-i C into new Shares at an implied conversion price which is more reflective of the prevailing share price of our Company (as opposed to RCPS-i B), and further participate in the prospects and future growth of our Group, while allowing them to benefit from the expected preferential dividend rate of 5.43% per annum (subject to declaration by our Board) prior to conversion of the RCPS-i C into new Shares;
- (v) the RCPS-i C will be listed and traded on the Main Market of Bursa Securities and depending on the future performance of our Group, the Entitled Shareholders and/or potential investors may be able to benefit from the future capital appreciation of the RCPS-i C and/or new Shares; and
- (vi) the enlarged share base arising from the conversion of the RCPS-i C is also expected to enhance the liquidity of our Shares on the Main Market of Bursa Securities.

Our Company has not undertaken any equity fund raising exercise in the past 12 months prior to the date of the announcement of the Proposed Rights Issue.

4.2 Proposed Amendments

The Proposed Amendments is meant to facilitate the implementation of the Proposed Rights Issue.

5. FOREIGN ADDRESSED SHAREHOLDERS

The Abridged Prospectus, together with the accompanying documents, to be issued in connection with the Proposed Rights Issue are not intended to comply with the laws of any countries or jurisdictions other than Malaysia, and have not been and will not be lodged, registered or approved under any applicable securities legislation of any countries or jurisdictions other than Malaysia. Accordingly, the Proposed Rights Issue will not be offered for purchase or subscription in any countries or jurisdictions other than Malaysia.

The Abridged Prospectus, together with the accompanying documents, will only be sent to the Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in our Record of Depositors as at the Entitlement Date. Foreign Addressed Shareholders who wish to provide a Malaysian address should inform their respective stockbrokers to effect the change of address prior to the Entitlement Date. Alternatively, such Foreign Addressed Shareholders may collect the Abridged Prospectus from our share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the Abridged Prospectus, together with the accompanying documents.

Our Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability, whether or not any enquiry or investigation is made in connection therewith.

Foreign Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and our Company, our share registrar and/or our advisers in respect of the Proposed Rights Issue would not, in connection with the Proposed Rights Issue, be responsible, liable or be in breach of the laws of any country or jurisdiction to which the Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) might be subject.

Foreign Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes, duties, fees, charges or other requisite payments due in such foreign country or jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such Foreign Addressed Shareholders for any issue, transfer or any other taxes, duties, fees, charges or other requisite payments as such person may be required to pay. They will have no claims whatsoever against our Company, our share registrar and/or our advisers in respect of the Proposed Rights Issue, in connection with their rights or entitlements under the Proposed Rights Issue. Such Foreign Addressed Shareholders should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

Foreign Addressed Shareholders shall be solely responsible to seek advice as to the laws of any country or jurisdiction to which they may be subject, and participation by the Foreign Addressed Shareholders in the Proposed Rights Issue shall be on the basis of a representation and warranty by them that they may lawfully so participate without our Company, our share registrar and/or our advisers in respect of the Proposed Rights Issue, being responsible, liable or in breach of the laws of any country or jurisdiction.

Neither our Company, our share registrar nor our advisers in respect of the Proposed Rights Issue, shall accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholder of his/her entitlement in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Our Company reserves the right in our absolute discretion to treat any acceptance as being invalid if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements.

6. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 8.9% in the second quarter (“2Q”) of 2022 (first quarter (“1Q”) 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical and electronics products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

During the quarter, headline and core inflation increased to 2.8% and 2.5% respectively (1Q 2022: 2.2% and 1.7% respectively). The higher core inflation reflected an improvement in demand conditions amid the high-cost environment, with price increases mainly driven by food away from home and other food items.

The Malaysian economy is projected to expand further for the remainder of the year. Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth. Going forward, growth would continue to benefit from improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects.

However, the balance of risks to Malaysia’s growth remains tilted to the downside. This stems mainly from weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Headline inflation is expected to trend higher in some months during the remainder of the year, due in part to the base effect from the discount on electricity tariffs implemented in third quarter 2021. As projected earlier, underlying inflation, as measured by core inflation, is expected to average higher in 2022, as demand continues to improve amid the high-cost environment.

Overall, the outlook remains subject to upside risks, contingent on the strength of domestic demand which could contribute to further broad-based price pressures, as well as global commodity price developments and domestic policy measures. Nevertheless, the extent of upside pressure on inflation is expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy.

(Source: BNM Quarterly Bulletin - 2Q 2022, Vol. 37 No. 2)

6.2 Overview and outlook of the property and construction sectors in Malaysia

6.2.1 Property sector

The property market showed signs of recovery following the implementation of various stimulus provided by the Malaysian government (“**Government**”), via Short-term Economic Recovery Plan namely *Pelan Jana Semula Ekonomi Negara* (“**PENJANA**”) and *Prihatin Rakyat Economic Stimulus Package* (PRIHATIN). The stimulus helped to sustain the confidence of the industry and households at large in coping with the impact of pandemic. In addition, initiatives introduced under Budget 2021 remained supportive to the property market.

For PENJANA, the financial initiatives introduced by the Government which have helped soften the impact on property market included:

- (i) re-introduction of Home Ownership Campaign (“**HOC**”) - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 to 31 May 2021;
- (ii) real property gains tax (“**RPGT**”) exemption for disposal of residential homes from 1 June 2020 to 31 December 2021 (This exemption is limited to the disposal of three (3) units of residential homes per individual); and
- (iii) the lifting of the current 70 percent margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions.

The HOC was extended by the Government up to 31 December 2021, in hoping to assist households to own homes and reduce the numbers of unsold properties in the country.

Despite that the property market performance showed a slight improvement in 2021, it has yet to surpass the pre-pandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value as compared to last year.

The residential, commercial and industrial sub-sectors saw an increase in transaction volume by 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. The residential, commercial, industrial and development land sub-sectors recorded higher transaction value of 16.7%, 43.1%, 32.9% and 33.2% respectively, whereas the transaction value for the agriculture sub-sector decreased by 5.1%. The residential sub-sector led the overall property market with 66.2% contribution in volume. This was followed by agriculture (18.9%), commercial (7.5%), development land and others (5.6%) and industrial (1.9%). The residential sub-sector again took the lead with 53.1% share in transaction value, followed by commercial (19.3%), industrial (11.7%), agriculture (8.2%) and development land and others (7.7%).

In the residential property segment, there were 198,812 transactions worth RM76.90 billion recorded in 2021, increased by 3.9% in volume and 16.7% in value as compared to 2020. The improvement was supported by the uptrend recorded in WP Kuala Lumpur (4.9%), Selangor (10.7%), Pulau Pinang (16.3%) and Perak (3.2%). Conversely, Johor recorded a decline in market activity by 2.4%. Selangor contributed the highest volume and value to the national market share, with 24.5% in volume (48,755 transactions) and 34.4% in value (RM26.49 billion). WP Kuala Lumpur recorded 11,129 transactions but ranked the second highest in value at RM9.69 billion, contributing 12.6% market share. Demand continued to focus on terraced houses, formed around 43.0% of the total residential transactions, followed by vacant plots and high-rise units, each with nearly 15% market share. The affordable price range of RM300,000 and below accounted for 55.9% of the total, followed by RM300,001 to RM500,000 (24.6%), RM501,000 to RM1,000,000 (14.8%) and more than RM1,000,000 (4.8%).

The primary market saw lesser release of new launches. There were nearly 44,000 units launched in 2021, against 47,178 units in 2020. The decline was expected as developers held back on the new launches due to the softening property market and increasing numbers of unsold inventories. Sales performance was moderate at 39.3% in 2021. The residential overhang situation was less encouraging, with volume amounting to nearly 37,000 units worth RM22.79 billion as at year-end, increased by 24.7% and 20.5% in volume and value respectively against last year. On a better note, the unsold under construction improved as the numbers dropped by 2.1% to 70,231 units. However, the unsold not constructed recorded a sharp increase by 69.2% to 21,960 units.

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The health of the residential sector is paramount to the overall performance of the property market. To ensure the vitality of this sector as well as improving the livelihood of the nation, various initiatives are outlined under Budget 2022. Under 'Initiative 2: Home Ownership', the initiatives include:

- (i) RM1.5 billion allocation for low-income groups housing projects i.e. *rumah mesra rakyat* and maintenance assistance programmes;
- (ii) lifting the imposition of RPGT on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies; and
- (iii) guarantees of up to RM2 billion to banks via *Skim Jaminan Kredit Perumahan* in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

In addition, the Ministry of Housing and Local Government alongside the Ministry of Finance is planning to organise a Home Ownership Programme (HOPE) with special focus for B40 and M40 groups in providing home financing facilities to these groups.

The 'Transition to Endemic' phase of COVID-19 starting 1 April 2022 will see the lifting of restrictions of business operating hours and reopening of country borders, which is expected to further improve domestic economic activities and entails better prospects for the leisure sector. The transition phase is a much needed boost for this sector as more tourist arrivals are expected, both domestic and international. This will translate into better occupancy of hotels apart from creating employment opportunities to the locals.

Nevertheless, the environment will remain challenging for the retail and office sector as more new supply enter the market in the near future. As industry normalises and adapts to the new norms of working from home and market digitalisation, the office and retail sector may continue to face downward pressure.

On the development front, major ongoing infrastructure projects are expected to spur the economic activities and property market in the long run. These include, among others, Gemas - Johor Bahru electrified double-track, Rapid Transit System (RTS), Light Rail Transit Line 3 (LRT 3), Mass Rapid Transit 2 (MRT 2) - Putrajaya Line, Mass Rapid Transit 3 (MRT 3) - Circle Line, Nilai – Labu – Enstek Expressway (NLE), East Coast Rail Link (ECRL) and Pan Borneo Highway (Tawau – Kuching).

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under the 12th Malaysia Plan are expected to support growth in the property sector.

(Source: Property Market Report 2021, Valuation and Property Services Department, National Property Information Centre)

6.2.2 Construction sector

The construction sector grew by 2.4% (1Q 2022: -6.2%), its first positive growth since 2Q 2021. Large commercial and industrial projects as well as small-scale projects continued to support activity in the non-residential and special trade sub-sectors. Meanwhile, the slower progress in infrastructure projects led to subdued growth in the civil engineering sub-sector.

(Source: BNM Quarterly Bulletin – 2Q 2022, Vol. 37 No. 2)

The construction sector is projected to turnaround by 11.5% in 2022 on account of better performance in all its sub-sectors. The civil engineering sub-sector is anticipated to regain its positive growth, following the continuation and acceleration of major infrastructure projects, such as Light Rail Transit Line 3 (LRT3), Mass Rail Transit Line 3 (MRT 3), Rapid Transit System (RTS) as well as the Pan Borneo highways in Sabah and Sarawak. Utility projects, including Baleh Hydroelectric, Sarawak Water Supply Grid Programme and Large-Scale Solar 3 plant, are also projected to spur growth. Similarly, the residential buildings sub-sector is expected to expand further in line with the Government's measures to address the shortage of affordable houses. The measures, among others, are the continuation of the Rent-to-Own scheme and full stamp duty exemptions for first-time home buyers as well as *Rumah Mesra Rakyat* and People's Housing programmes. In addition, the non-residential buildings sub-sector is anticipated to improve, backed by ongoing commercial projects, namely Kwasa Damansara, Tun Razak Exchange and KLIA Aeropolis.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

6.3 Prospects of our Group

The operations of our Group are primarily organised into three (3) main segments, namely property development, construction and other operations which comprise manufacturing, trading and operation of investment properties.

Property development segment

Property development is the main driver of our Group's operations. It focuses on four (4) key segments, namely township developments, integrated mixed developments, eco-themed developments and niche developments.

Our Group's development projects in Malaysia are primarily in the Klang Valley, Johor Bahru and Penang. Notable projects include Setia Alam, Setia EcoHill 1 & 2, Setia Alamsari, Setia Mayuri, Setia AlamImpian, Setia Bayuemas, Bandar Kinrara, Setia Eco Park, Precinct Arundina @ Setia Eco Park, Setia Eco Glades, Setia Safiro, Setia Warisan Tropika, Setia Eco Templer, Trio by Setia, KL Eco City and Setia Sky Seputeh within the Klang Valley; Setia Tropika, Setia Indah, Setia Eco Gardens, Setia Business Park I & II, Taman Pelangi and Bukit Indah in Johor Bahru; and Setia Fontaines and Setia Greens in Penang.

Our Group has presence in six (6) foreign countries, namely Singapore, Australia, Vietnam, China, Japan and the United Kingdom. Among the ongoing international projects are Daintree Residence, a low-density residential project in Singapore; UNO Melbourne and Sapphire by the Gardens in Melbourne, Australia; EcoLakes township and EcoXuan boutique strata development in proximity to Ho Chi Minh City, Vietnam and the mixed development on the iconic Battersea Power Station in London, United Kingdom.

For the FYE 31 December 2021, our Group recorded property sales¹ of RM4.26 billion, which represented an increase of RM0.44 billion or 11.52% as compared to property sales of RM3.82 billion in the preceding financial year. The main contribution was from the Central region of Malaysia with RM2.92 billion sales recorded, followed by RM0.56 billion from the Southern region of Malaysia, while the international regions collectively registered property sales of RM0.76 billion. Notably in the Klang Valley, our Group's residential properties in established townships such as Bandar Setia Alam and Bandar Kinrara garnered solid take-up rates in the fourth quarter ("4Q") of 2021. The Government's move in heeding the *rakyat's* needs by extending the HOC to end-2021 also augured well for our Group as we managed to clear RM754 million worth of completed inventories during the FYE 31 December 2021.

In 4Q 2021, our Group launched more landed properties with a total GDV of RM729 million, which includes, among others, the first phase of the exclusive two- and three-storey semi-detached homes of Setia Greens in Penang which garnered a take-up rate of more than 80%. On the global front, our Group gained a stronger brand foothold when all the units in the Daintree Residence project in Singapore were fully sold. Similarly, the third phase residential properties in Eco Lakes, Vietnam which was launched in 4Q 2021 with a combined GDV of RM133 million garnered a full take-up rate.

For the first six months ended 30 June 2022 ("1H 2022"), our Group secured further property sales of RM1.67 billion. This was mainly contributed from local projects amounting to RM1.38 billion or 83% of the property sales whilst the remaining RM294 million or 17% were contributed from international projects. On the local front, property sales were mainly from the Central region of Malaysia with RM944 million sales recorded, followed by RM286 million and RM149 million from the Southern region and Northern region of Malaysia respectively. The total property sales secured were also complemented by the concerted effort in selling RM272 million worth of completed inventories during the 1H 2022.

During the 1H 2022, our Group launched landed residential and commercial projects with a total GDV of RM806 million. These included bungalows and semi-detached houses at Setia Eco Park and Setia Mayuri both in the Klang Valley, which witnessed more than 90% take-up rates. The take-up rate for the new phase in Setia Eco Templer, Rawang which comprises double-storey terraces, semi-detached houses and bungalows, also hovered above 90%. Successful launches were also observed in other townships such as Setia Eco Glades, Cyberjaya.

In February 2022, our Group announced our first venture into healthcare as part of our strategy to explore a business which complements our core property development segment. Through our wholly-owned subsidiary, Setia HC Ventures Sdn Bhd, we have signed an agreement with Qualitas Medical Group Sdn Bhd, intending to develop and operate an ambulatory care centre in Setia Alam, Shah Alam.

Continuous efforts are also made to enhance the environmental, social and governance (ESG) aspects into conceptualisation, design and construction stages of our Group's projects following the increased emphasis on sustainability and climate change mitigation. For instance, the strategic partnership with Tenaga Nasional Berhad to provide electrical vehicle (EV) port and renewable energy solutions to potential home buyers are in line with our Group's commitment to promote green energy and reduce carbon emissions. In addition, cost reduction initiatives are being deployed across group-wide operations in parallel to the various promotional campaigns to boost sales and clear unsold inventories.

As at 30 June 2022, our Group has 47 on-going projects and effective remaining land banks of 7,042 acres with GDV of RM120.88 billion. Backed by an unbilled property sales amounting to RM8.71 billion as at 30 June 2022, this will provide earnings visibility in the short to mid-term to our Group.

¹ For information purpose, property sales refer to the sales amount stated in the sale and purchase agreements, which may be different from the revenue recorded in the audited financial statements of our Group where revenue is recognised as and when the performance obligation is satisfied.

Construction segment and other operations

Our Group's construction segment mainly supports the property development activities of our Group. Our Group's construction segment also derives some revenue from the supply of ready-mix concrete to external contractors which serve our Group's property development activities.

Our Group's other operations include wood-based manufacturing, trading activities, and the operation of investment properties such as office towers, retail malls and convention centres.

However, the revenue contributions from our Group's construction segment's external sales and other operations have been relatively small, as illustrated below:

Segments	FYE 31 December						For the six (6)-month financial period ended 30 June 2022	
	2019		2020		2021		Revenue (RM'000)	% to total revenue
	Revenue (RM'000)	% to total revenue	Revenue (RM'000)	% to total revenue	Revenue (RM'000)	% to total revenue		
Property development	3,667,861	93.36	3,047,272	94.40	3,577,105	95.07	1,791,419	95.01
Construction	60,755	1.54	26,094	0.81	17,409	0.46	7,667	0.41
Other operations	200,258	5.10	154,751	4.79	168,234	4.47	86,457	4.58
Total	3,928,874	100.00	3,228,117	100.00	3,762,748	100.00	1,885,543	100.00

After having considered the above, our Group is confident that with our proven track record, strong brand names under our stable, established townships and right product strategies, our Group will remain resilient.

7. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on our Company's issued share capital, consolidated NA per Share and gearing, the substantial shareholders' shareholdings in our Company, our Company's consolidated EPS and convertible securities of our Company.

As at the LPD, our Company has the following securities in issue:

- (i) 4,075,488,387 Shares;
- (ii) 4,476,669 ESGP Shares, of which none of the ESGP Shares may be vested and issued prior to the Entitlement Date;
- (iii) 122,136,352 ESOS Options which may be exercised prior to the Entitlement Date. These ESOS Options are exercisable into new Shares at any time until 9 April 2023 at exercise prices ranging between RM0.77 to RM3.03 per Share;
- (iv) 1,088,657,886 RCPS-i A. The RCPS-i A is convertible at the option of the holder at any time commencing from its issuance date and up to such date no later than nine (9) market days prior to the redemption date, into new Shares without payment of any consideration (cash or otherwise) and in accordance with the conversion ratio of 50 new Shares for every 169 RCPS-i A held, representing an implied conversion price of RM3.38 for every new Share; and

- (v) 1,176,383,600 RCPS-i B. The RCPS-i B is convertible at the option of the holder at any time commencing from its issuance date and up to such date no later than nine (9) market days prior to the redemption date, into new Shares without payment of any consideration (cash or otherwise) and in accordance with the conversion ratio of five (5) new Shares for every 21 RCPS-i B held, representing an implied conversion price of RM3.70 for every new Share.

For information purpose, our Board had undertaken that our Company will not grant any further ESGP Shares and ESOS Options prior to the Entitlement Date, save for the allocation of up to 642,800 ESOS Options to Datuk Choong Kai Wai, the President and Chief Executive Officer of our Company, which was approved by our shareholders at the 47th annual general meeting of our Company held on 27 April 2022 and all the 642,800 ESOS Options were subsequently granted to him on 18 May 2022.

Strictly for illustration purposes only, the following assumptions as detailed in Sections 2.1 and 2.1.2 of this Circular are used throughout this Section 7 to illustrate the pro forma effects of the Proposed Rights Issue:

- (a) the RCPS-i C will be issued at an illustrative issue price of RM0.50 per RCPS-i C;
- (b) the RCPS-i C will be issued on an illustrative entitlement basis of 28 RCPS-i C for every 55 existing Shares held; and
- (c) the RCPS-i C will be converted into new Shares at an illustrative conversion ratio of four (4) new Shares for every seven (7) RCPS-i C held or at an implied conversion price of approximately RM0.88 for every new Share (i.e. $RM0.50 \times 7/4$).

In addition, the pro forma effects will be illustrated based on the following scenarios:

Minimum Scenario : Based on the assumptions that:

- (i) none of the 122,136,352 outstanding ESOS Options are exercised before the Entitlement Date;
- (ii) none of the 1,088,657,886 RCPS-i A and 1,176,383,600 RCPS-i B are converted before the Entitlement Date; and
- (iii) save for the Undertaking Shareholders, none of the other Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue and no underwriting arrangement is made.

Base Case Scenario : Based on the assumptions that:

- (i) none of the 122,136,352 outstanding ESOS Options are exercised before the Entitlement Date;
- (ii) none of the 1,088,657,886 RCPS-i A and 1,176,383,600 RCPS-i B are converted before the Entitlement Date; and
- (iii) all the Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue or underwriting arrangement(s) is/are made for the Open Portion.

Maximum Scenario : Based on the assumptions that:

- (i) all the 122,136,352 outstanding ESOS Options are fully exercised after the Price-Fixing Date and determination of the entitlement basis for the Proposed Rights Issue but before the Entitlement Date;
- (ii) all the 1,088,657,886 RCPS-i A and 256,914,678[^] RCPS-i B are fully converted after the Price-Fixing Date and determination of the entitlement basis for the Proposed Rights Issue but before the Entitlement Date; and
- (iii) all the Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue or underwriting arrangement(s) is/are made for the Open Portion.

Note:

[^] *For information purpose, a total of 919,468,922 RCPS-i B which are held by the Undertaking Shareholders as at the LPD have been excluded from this scenario as the Undertaking Shareholders had vide their respective Undertakings undertaken that they will not convert any of their RCPS-i B.*

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7.1

Issued share capital

For illustrative purpose only, the pro forma effects of the Proposed Rights Issue on the issued share capital of our Company under the respective scenarios are set out below:

Ordinary share capital

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	4,075,488,387	8,499,642,015	4,075,488,387	8,499,642,015	4,075,488,387	8,499,642,015
Add : Shares to be issued pursuant to the full exercise of the ESOS Options	-	-	-	-	122,136,352	(2) 416,617,526
Add : Shares to be issued pursuant to the full conversion of the RCPS-i A	-	-	-	-	(3) 322,088,131	1,087,362,697
Add : Shares to be issued pursuant to the full conversion of the RCPS-i B	-	-	-	-	(4)(5) 61,170,161	226,084,917
Add : Shares to be issued pursuant to the full conversion of the RCPS-i C	4,075,488,387 (1) 1,007,757,128	8,499,642,015 879,987,487	4,075,488,387 (1) 1,185,596,621	8,499,642,015 1,032,297,044	4,580,883,031 (1) 1,332,620,517	10,229,707,155 1,160,942,953
Enlarged issued share capital	5,083,245,515	9,379,629,502	5,261,085,008	9,531,939,059	5,913,503,548	11,390,650,108

Notes:

- (1) Assuming that the RCPS-i C held by the Undertaking Shareholders under the Minimum Scenario and the Entitled Shareholders (including the Undertaking Shareholders) under the Base Case Scenario and Maximum Scenario are fully converted into new Shares at the illustrative conversion ratio of four (4) new Shares for every seven (7) RCPS-i C held.
- (2) Calculated based on the exercise prices of the ESOS Options ranging between RM0.77 to RM3.03 per Share.
- (3) Calculated based on the conversion ratio of 50 new Shares for every 169 RCPS-i A held.
- (4) Calculated based on the conversion ratio of five (5) new Shares for every 21 RCPS-i B held.
- (5) For information purpose, a total of 919,468,922 RCPS-i B held by the Undertaking Shareholders as at the LPD have been excluded as the Undertaking Shareholders had vide their respective Undertakings undertaken that they will not convert any of their RCPS-i B.

Preference share capital

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of preference shares	RM	No. of preference shares	RM	No. of preference shares	RM
Issued share capital as at the LPD	2,265,041,486	2,122,580,265	2,265,041,486	2,122,580,265	2,265,041,486	2,122,580,265
Less : Full conversion of the RCPS-i A into new Shares	-	-	-	-	(1,088,657,886)	(1,087,362,697)
Less : Full conversion of the RCPS-i B into new Shares	-	-	-	-	⁽³⁾ (256,914,678)	(226,084,917)
Add : RCPS-i C to be issued pursuant to the Proposed Rights Issue	1,763,574,974	⁽¹⁾ 879,987,487	2,074,794,087	⁽²⁾ 1,032,297,044	2,332,085,906	⁽⁴⁾ 1,160,942,953
Less : Full redemption of the RCPS-i B	4,028,616,460	3,002,567,752	4,339,835,573	3,154,877,309	3,251,554,828	1,970,075,604
	(1,176,383,600)	(1,035,217,568)	(1,176,383,600)	(1,035,217,568)	(919,468,922)	(809,132,651)
Less : Full conversion of the RCPS-i C into new Shares	2,852,232,860	1,967,350,184	3,163,451,973	2,119,659,741	2,332,085,906	1,160,942,953
	(1,763,574,974)	(879,987,487)	(2,074,794,087)	(1,032,297,044)	(2,332,085,906)	(1,160,942,953)
Enlarged issued share capital	1,088,657,886	1,087,362,697	1,088,657,886	1,087,362,697	-	-

Notes:

- (1) Based on 1,763,574,974 RCPS-i C to be issued at the illustrative issue price of RM0.50 per RCPS-i C and after deducting the estimated expenses in relation to the Proposals under the Minimum Scenario of RM1.80 million.
- (2) Based on 2,074,794,087 RCPS-i C to be issued at the illustrative issue price of RM0.50 per RCPS-i C and after deducting the estimated expenses in relation to the Proposals of RM5.10 million.
- (3) For information purpose, a total of 919,468,922 RCPS-i B held by the Undertaking Shareholders as at the LPD have been excluded as the Undertaking Shareholders had vide their respective Undertakings undertaken that they will not convert any of their RCPS-i B.
- (4) Based on 2,332,085,906 RCPS-i C to be issued at the illustrative issue price of RM0.50 per RCPS-i C and after deducting the estimated expenses in relation to the Proposals of RM5.10 million.

For information purpose, in compliance with Paragraph 6.50 of the Listing Requirements, the maximum number of new Shares which will arise from the conversion of all the outstanding RCPS-i A and RCPS-i B as at the LPD as well as from the conversion of the new RCPS-i C to be issued pursuant to the Proposed Rights Issue will not exceed 50% of the total number of issued Shares of our Company before the conversion of the RCPS-i A, RCPS-i B and RCPS-i C (as the case may be) at all times, as illustrated below:

		Minimum Scenario	Base Case Scenario	Maximum Scenario
Issued Shares as at the LPD		4,075,488,387	4,075,488,387	4,075,488,387
Add: Shares to be issued pursuant to the full conversion of the RCPS-i A		-	-	322,088,131
Add: Shares to be issued pursuant to the full conversion of the RCPS-i B		-	-	⁽¹⁾ 280,091,333
Enlarged issued Shares	(A)	4,075,488,387	4,075,488,387	4,677,667,851
<u>Outstanding convertible equity securities as at the LPD</u>				
Number of new Shares to be issued arising from the full conversion of the RCPS-i A and RCPS-i B as at the LPD		602,179,464	602,179,464	-
Number of new Shares to be issued arising from the full conversion of the new RCPS-i C to be issued pursuant to the Proposed Rights Issue		1,007,757,128	1,185,596,621	1,332,620,517
Total new Shares to be issued from the conversion of all outstanding convertible equity securities	(B)	1,609,936,592	1,787,776,085	1,332,620,517
% of total issued Shares	(B/A)	39.50%	43.87%	28.49%

Note:

(1) Includes the 919,468,922 RCPS-i B held by the Undertaking Shareholders as at the LPD.

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7.2 NA per Share and gearing

For illustrative purpose only, based on the latest audited consolidated statements of financial position of our Company as at 31 December 2021 and on the assumption that the Proposed Rights Issue had been effected on that date, the pro forma effects of the Proposed Rights Issue on the consolidated NA per Share and gearing of our Company under the respective scenarios are as follows:

Minimum Scenario

	Audited as at 31 December 2021 (RM'000)	(I)	(II)	(III)
		Subsequent events up to the LPD ⁽⁴⁾ (RM'000)	After (I) and the Proposed Rights Issue ⁽⁵⁾ (RM'000)	After (II) and assuming full conversion of the RCPS-i C ⁽⁶⁾ (RM'000)
Share capital	8,490,225	8,499,642	8,499,642	9,379,629
Share capital – RCPS-i A	1,087,363	1,087,363	1,087,363	1,087,363
Share capital – RCPS-i B	1,035,218	1,035,218	-	-
Share capital – RCPS-i C	-	-	879,987	-
Share-based payment reserve (<i>non- distributable</i>)	86,927	81,526	81,526	81,526
Reserve on acquisition arising from common control (<i>non- distributable</i>)	(1,295,884)	(1,295,884)	(1,295,884)	(1,295,884)
Exchange translation reserve (<i>non- distributable</i>)	107,157	107,157	107,157	107,157
Retained earnings (<i>distributable</i>)	4,664,527	4,660,614	4,660,614	4,660,614
NA/Equity attributable to owners of our Company	14,175,533	14,175,636	14,020,405	14,020,405
Non-controlling interests	1,456,206	1,456,206	1,456,206	1,456,206
Total equity	15,631,739	15,631,842	15,476,611	15,476,611
Number of Shares in issue (‘000)	4,067,978	4,075,488	4,075,488	5,083,246
NA per Share (RM) ⁽¹⁾	2.96	2.96	2.96	2.54
Interest-bearing borrowings	12,555,872	12,555,872	12,555,872	12,555,872
Redeemable cumulative preference shares	37,965	37,965	37,965	37,965
Short-term funds	1,401,604	1,401,604	1,401,604	1,401,604
Short-term deposits	206,190	206,190	206,190	206,190
Cash and bank balances	1,463,422	1,463,525	1,308,294	1,308,294
Gearing (times) ⁽²⁾	0.81	0.81	0.81	0.81
Net gearing (times) ⁽³⁾	0.61	0.61	0.63	0.63

Notes:

(1) Calculated based on NA/equity attributable to owners of our Company (excluding the share capital relating to the RCPS-i A, RCPS-i B and/or RCPS-i C (as the case may be)) over number of Shares in issue.

(2) Calculated based on total borrowings (comprises the interest-bearing borrowings and redeemable cumulative preference shares) over total equity.

- (3) Calculated based on total net borrowings (comprises the interest-bearing borrowings and redeemable cumulative preference shares net of short-term funds, short-term deposits and cash and bank balances) over total equity.
- (4) After taking into consideration the following:
- (i) issuance of 133,450 new Shares from the exercise of ESOS Options between 1 January 2022 and the LPD;
- (ii) share based payment on the ESGP Shares amounting to RM3.91 million between 1 January 2022 and the LPD which has been charged to profit and loss; and
- (iii) issuance of 7,376,071 new Shares from the vesting of ESGP Shares between 1 January 2022 and the LPD.
- (5) After taking into consideration the following:
- (i) issuance of RCPS-i C at the illustrative issue price of RM0.50 per RCPS-i C which gives rise to gross proceeds of RM881.79 million;
- (ii) redemption of all the RCPS-i B amounting to RM1,035.22 million using the gross proceeds raised from the Proposed Rights Issue of RM881.79 million while the remaining balance of RM153.43 million is funded using our internal funds; and
- (iii) payment of estimated expenses in relation to the Proposals amounting to RM1.80 million using our internal funds.
- (6) Assuming all the RCPS-i C are fully converted into new Shares at the illustrative conversion ratio of four (4) new Shares for every seven (7) RCPS-i C held and no preferential dividend is declared prior to the full conversion of the RCPS-i C.

Base Case Scenario

	Audited as at 31 December 2021 (RM'000)	(I)	(II)	(III)
		Subsequent events up to the LPD ⁽⁴⁾ (RM'000)	After (I) and the Proposed Rights Issue ⁽⁵⁾ (RM'000)	After (II) and assuming full conversion of the RCPS-i C ⁽⁶⁾ (RM'000)
Share capital	8,490,225	8,499,642	8,499,642	9,531,939
Share capital – RCPS-i A	1,087,363	1,087,363	1,087,363	1,087,363
Share capital – RCPS-i B	1,035,218	1,035,218	-	-
Share capital – RCPS-i C	-	-	1,032,297	-
Share-based payment reserve (<i>non- distributable</i>)	86,927	81,526	81,526	81,526
Reserve on acquisition arising from common control (<i>non- distributable</i>)	(1,295,884)	(1,295,884)	(1,295,884)	(1,295,884)
Exchange translation reserve (<i>non- distributable</i>)	107,157	107,157	107,157	107,157
Retained earnings (<i>distributable</i>)	4,664,527	4,660,614	4,660,614	4,660,614
NA/Equity attributable to owners of our Company	14,175,533	14,175,636	14,172,715	14,172,715
Non-controlling interests	1,456,206	1,456,206	1,456,206	1,456,206
Total equity	15,631,739	15,631,842	15,628,921	15,628,921

	Audited as at 31 December 2021 (RM'000)	(I)	(II)	(III)
		Subsequent events up to the LPD ⁽⁴⁾ (RM'000)	After (I) and the Proposed Rights Issue ⁽⁵⁾ (RM'000)	After (II) and assuming full conversion of the RCPS-i C ⁽⁶⁾ (RM'000)
Number of Shares in issue ('000)	4,067,978	4,075,488	4,075,488	5,261,085
NA per Share (RM) ⁽¹⁾	2.96	2.96	2.96	2.49
Interest-bearing borrowings	12,555,872	12,555,872	12,555,872	12,555,872
Redeemable cumulative preference shares	37,965	37,965	37,965	37,965
Short-term funds	1,401,604	1,401,604	1,401,604	1,401,604
Short-term deposits	206,190	206,190	206,190	206,190
Cash and bank balances	1,463,422	1,463,525	1,460,604	1,460,604
Gearing (times) ⁽²⁾	0.81	0.81	0.81	0.81
Net gearing (times) ⁽³⁾	0.61	0.61	0.61	0.61

Notes:

- (1) Calculated based on NA/equity attributable to owners of our Company (excluding the share capital relating to the RCPS-i A, RCPS-i B and/or RCPS-i C (as the case may be)) over number of Shares in issue.
- (2) Calculated based on total borrowings (comprises the interest-bearing borrowings and redeemable cumulative preference shares) over total equity.
- (3) Calculated based on total net borrowings (comprises the interest-bearing borrowings and redeemable cumulative preference shares net of short-term funds, short-term deposits and cash and bank balances) over total equity.
- (4) After taking into consideration the following:
- (i) issuance of 133,450 new Shares from the exercise of ESOS Options between 1 January 2022 and the LPD;
 - (ii) share based payment on the ESGP Shares amounting to RM3.91 million between 1 January 2022 and the LPD which has been charged to profit and loss; and
 - (iii) issuance of 7,376,071 new Shares from the vesting of ESGP Shares between 1 January 2022 and the LPD.
- (5) After taking into consideration the following:
- (i) issuance of RCPS-i C at the illustrative issue price of RM0.50 per RCPS-i C which gives rise to gross proceeds of RM1,037.40 million;
 - (ii) redemption of all the RCPS-i B amounting to RM1,035.22 million using the gross proceeds raised from the Proposed Rights Issue; and
 - (iii) payment of estimated expenses in relation to the Proposals amounting to RM5.10 million using the gross proceeds raised from the Proposed Rights Issue and our internal funds.
- (6) Assuming all the RCPS-i C are fully converted into new Shares at the illustrative conversion ratio of four (4) new Shares for every seven (7) RCPS-i C held and no preferential dividend is declared prior to the full conversion of the RCPS-i C.

Maximum Scenario

	Audited as at 31 December 2021 (RM'000)	(I) Subsequent events up to the LPD ⁽⁴⁾ (RM'000)	(II) After (I) and the conversion of the convertible securities ⁽⁵⁾ (RM'000)	(III) After (II) and the Proposed Rights Issue ⁽⁶⁾ (RM'000)	(IV) After (III) and assuming full conversion of the RCPS-i C ⁽⁷⁾ (RM'000)
Share capital	8,490,225	8,499,642	10,229,707	10,229,707	11,390,650
Share capital – RCPS-i A	1,087,363	1,087,363	-	-	-
Share capital – RCPS-i B	1,035,218	1,035,218	809,133	-	-
Share capital – RCPS-i C	-	-	-	1,160,943	-
Share-based payment reserve (<i>non-distributable</i>)	86,927	81,526	4,705	4,705	4,705
Reserve on acquisition arising from common control (<i>non-distributable</i>)	(1,295,884)	(1,295,884)	(1,295,884)	(1,295,884)	(1,295,884)
Exchange translation reserve (<i>non-distributable</i>)	107,157	107,157	107,157	107,157	107,157
Retained earnings (<i>distributable</i>)	4,664,527	4,660,614	4,669,861	4,669,861	4,669,861
NA/Equity attributable to owners of our Company	14,175,533	14,175,636	14,524,679	14,876,489	14,876,489
Non-controlling interests	1,456,206	1,456,206	1,456,206	1,456,206	1,456,206
Total equity	15,631,739	15,631,842	15,980,885	16,332,695	16,332,695
Number of Shares in issue ('000)	4,067,978	4,075,488	4,580,883	4,580,883	5,913,504
NA per Share (RM) ⁽¹⁾	2.96	2.96	2.99	2.99	2.52
Interest-bearing borrowings	12,555,872	12,555,872	12,555,872	12,204,062	12,204,062
Redeemable cumulative preference shares	37,965	37,965	37,965	37,965	37,965
Short-term funds	1,401,604	1,401,604	1,401,604	1,401,604	1,401,604
Short-term deposits	206,190	206,190	206,190	206,190	206,190
Cash and bank balances	1,463,422	1,463,525	1,812,568	1,812,568	1,812,568
Gearing (times) ⁽²⁾	0.81	0.81	0.79	0.75	0.75
Net gearing (times) ⁽³⁾	0.61	0.61	0.57	0.54	0.54

Notes:

- (1) Calculated based on NA/equity attributable to owners of our Company (excluding the share capital relating to the RCPS-i A, RCPS-i B and/or RCPS-i C (as the case may be)) over number of Shares in issue.
- (2) Calculated based on total borrowings (comprises the total of interest-bearing borrowings and redeemable cumulative preference shares) over total equity.
- (3) Calculated based on total net borrowings (comprises the total of interest-bearing borrowings and redeemable cumulative preference shares net of short-term funds, short-term deposits and cash and bank balances) over total equity.
- (4) After taking into consideration the following:
 - (i) issuance of 133,450 new Shares from the exercise of ESOS Options between 1 January 2022 and the LPD;
 - (ii) share based payment on the ESGP Shares amounting to RM3.91 million between 1 January 2022 and the LPD which has been charged to profit and loss; and
 - (iii) issuance of 7,376,071 new Shares from the vesting of ESGP Shares between 1 January 2022 and the LPD.
- (5) After taking into consideration the following:
 - (i) exercise of all the 122,136,352 outstanding ESOS Options as at the LPD at exercise prices ranging between RM0.77 to RM3.03 per Share and the forfeiture of 17,923,045 ESOS Options as at the LPD. The exercise of these ESOS Options includes 1,400,500 new ESOS Options which were granted between 1 January 2022 and the LPD;
 - (ii) conversion of all the 1,088,657,886 RCPS-i A based on the conversion ratio of 50 new Shares for every 169 RCPS-i A held; and
 - (iii) conversion of 256,914,678 RCPS-i B based on the conversion ratio of five (5) new Shares for every 21 RCPS-i B held.
- (6) After taking into consideration the following:
 - (i) issuance of RCPS-i C at the illustrative issue price of RM0.50 per RCPS-i C which gives rise to gross proceeds of RM1,166.04 million;
 - (ii) redemption of the remaining 919,468,922 RCPS-i B held by the Undertaking Shareholders as at the LPD amounting to RM809.13 million and payment of existing bank loan and financing facility amounting to RM351.81 million using the gross proceeds raised from the Proposed Rights Issue; and
 - (iii) payment of estimated expenses in relation to the Proposals amounting to RM5.10 million using the gross proceeds raised from the Proposed Rights Issue.
- (7) Assuming all the RCPS-i C are fully converted into new Shares at the illustrative conversion ratio of four (4) new Shares for every seven (7) RCPS-i C held and no preferential dividend is declared prior to the full conversion of the RCPS-i C.

Base Case Scenario

Substantial shareholders	(I)				(II)							
	As at the LPD		After the Proposed Rights Issue		After (I) and assuming full conversion of the RCPS-i C							
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%			
PNB	1,060,093	26.01	-	-	1,060,093	26.01	-	-	1,368,483	26.01	-	-
ART-ASB	1,007,602	24.72	-	-	1,007,602	24.72	-	-	1,300,723	24.72	-	-
KWAP	356,705	8.75	35,543	(1) 0.87	356,705	8.75	35,543	(1) 0.87	460,473	8.75	45,883	(1) 0.87
EPF	241,647	5.93	241,647	-	241,647	5.93	-	-	311,945	5.93	-	-
Yayasan Pelaburan Bumiputra	-	-	1,060,093	(2) 26.01	-	-	1,060,093	(2) 26.01	-	-	1,368,483	(2) 26.01

Notes:

- (1) Deemed to have indirect interest by virtue of the Shares held by its fund managers.
(2) Deemed to have indirect interest through its shareholding of 100% less one share in PNB by virtue of Section 8 of the Act.

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Maximum Scenario

	As at the LPD				(I)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Substantial shareholders								
PNB	1,060,093	26.01	-	-	1,140,980	24.91	-	-
ART-ASB	1,007,602	24.72	-	-	1,117,805	24.40	-	-
KWAP	356,705	8.75	35,543	(1) 0.87	409,672	8.94	37,368	(1) 0.82
EPF	241,647	5.93	-	-	282,641	6.17	-	-
Yayasan Pelaburan Bumiputra	-	-	1,060,093	(2) 26.01	-	-	1,140,980	(2) 24.91

	After (I) and the Proposed Rights Issue				(II)				(III)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Substantial shareholders												
PNB	1,140,980	24.91	-	-	1,472,902	24.91	-	-	1,472,902	24.91	-	-
ART-ASB	1,117,805	24.40	-	-	1,442,984	24.40	-	-	1,442,984	24.40	-	-
KWAP	409,672	8.94	37,368	(1) 0.82	528,849	8.94	37,368	(1) 0.82	48,239	8.94	48,239	(1) 0.82
EPF	282,641	6.17	-	-	364,864	6.17	-	-	364,864	6.17	-	-
Yayasan Pelaburan Bumiputra	-	-	1,140,980	(2) 24.91	-	-	1,140,980	(2) 24.91	-	-	1,472,902	(2) 24.91

Notes:

- (1) Deemed to have indirect interest by virtue of the Shares held by its fund managers.
(2) Deemed to have indirect interest through its shareholding of 100% less one share in PNB by virtue of Section 8 of the Act.

7.4 Earnings and EPS

As the Proposed Rights Issue is expected to be completed in the fourth quarter of 2022, the Proposed Rights Issue is not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 December 2022.

The Proposed Rights Issue may, however, result in a dilution of the EPS of our Group arising from the increase in the number of Shares in issue as and when the RCPS-i C are converted into new Shares.

For illustrative purpose only, based on the latest audited consolidated statements of comprehensive income of our Group for the FYE 31 December 2021 and on the assumption that the Proposed Rights Issue (and the proposed redemption of all the RCPS-i B) had been effected at the beginning of the said financial year, the pro forma effects of the Proposed Rights Issue on the EPS of our Group under the respective scenarios are as follows:

	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Adjusted PAT attributable to ordinary shareholders of our Company ⁽¹⁾	152,323	152,323	152,323
Add : Expected annual gross interest/profit savings arising from the payment of bank loan and financing facility ⁽²⁾	-	-	14,763
Less : Potential loss of interest income from the use of our internal funds to part finance the redemption of the RCPS-i B ⁽³⁾	(3,069)	-	-
Add : Savings in the payment of RCPS-i B preferential dividends upon its full redemption (based on preferential dividend rate of 5.93% per annum)	61,388	61,388	61,388
Less : RCPS-i C preferential dividends (based on preferential dividend rate of 5.43% per annum)	(47,881)	(56,331)	(63,316)
Pro forma adjusted PAT attributable to ordinary shareholders of our Company after the Proposed Rights Issue ⁽⁴⁾	162,761	157,380	165,158
Weighted average number of Shares in issue ('000)			
(i) As at 31 December 2021			
- Basic	4,062,023	4,062,023	4,062,023
- Diluted	4,076,731	4,076,731	4,076,731
(ii) After the Proposed Rights Issue and full conversion of the RCPS-i C			
- Basic	5,069,780	5,247,620	5,394,644
- Diluted	5,074,257	5,252,097	5,399,121
EPS (sen) ⁽⁵⁾			
(i) As at 31 December 2021			
- Basic	3.75	3.75	3.75
- Diluted	3.74	3.74	3.74
(ii) After the Proposed Rights Issue and full conversion of the RCPS-i C			
- Basic	3.21	3.00	3.06
- Diluted	3.21	3.00	3.06

Notes:

- (1) Derived in the following manner, as extracted from our Company's Annual Report 2021:

	(RM'000)
PAT attributable to owners of our Company	284,365
Less: RCPS-i A preferential dividends	(70,654)
Less: RCPS-i B preferential dividends	(61,388)
Adjusted PAT attributable to ordinary shareholders of our Company	152,323

- (2) Under the Maximum Scenario, the payment of the bank loan and financing facility using the proceeds raised from the Proposed Rights Issue is expected to result in annual gross interest/profit savings of RM14.76 million based on the prevailing interest/profit rates of the bank loan and financing facility as set out in Note (ii) of Section 3 of this Circular.
- (3) Calculated at the rate of 2.00% per annum based on our Group's average interest rate for our prevailing one (1) month fixed deposits.
- (4) For information purpose, in accordance with the Malaysian Financial Reporting Standards and our Company's accounting policy, the proceeds to be received from the Proposed Rights Issue net of any directly attributable transaction costs will be credited to share capital. In this regard, the estimated expenses in relation to the Proposals will not be charged to profit or loss and hence, will not have any impact on the consolidated earnings and EPS of our Group. The breakdown of the estimated expenses for the Proposals is set out in Note (iii) of Section 3 of this Circular.
- (5) Calculated based on the relevant PAT attributable to ordinary shareholders of our Company over the relevant weighted average number of Shares in issue. For information purpose, the effects of conversion of the RCPS-i A and RCPS-i B have not been included in the computation of the dilutive consolidated EPS of our Company as they do not have a dilutive effect.

7.5 Convertible securities

Save for the following, our Company does not have any other convertible security in issue as at the LPD:

(i) ESOS Options

As at the LPD, there are 122,136,352 ESOS Options which have been vested but not exercised. For information purpose, our Board had undertaken that our Company will not grant any further ESOS Options prior to the Entitlement Date, save for the allocation of up to 642,800 ESOS Options to Datuk Choong Kai Wai, the President and Chief Executive Officer of our Company, which was approved by our shareholders at the 47th annual general meeting of our Company held on 27 April 2022 and all the 642,800 ESOS Options were subsequently granted to him on 18 May 2022.

In accordance with the provisions of the by-laws governing, among others, the ESOS Options, the Proposed Rights Issue may give rise to adjustments to the option price and/or number of ESOS Options which are vested but not yet exercised.

(ii) RCPS-i A and RCPS-i B

As at the LPD, there are 1,088,657,886 RCPS-i A and 1,176,383,600 RCPS-i B which remain in issue and are convertible into new Shares based on the following conversion ratios:

- RCPS-i A : 50 new Shares for every 169 RCPS-i A held; and
- RCPS-i B : five (5) new Shares for every 21 RCPS-i B held.

Under the Constitution of our Company, the Proposed Rights Issue may give rise to adjustments to the conversion ratios for the RCPS-i A and RCPS-i B.

For information purpose, the conversion ratios for the RCPS-i A and RCPS-i B shall be adjusted by multiplying them by the following formulae:

$$\frac{C - D}{C}$$

where,

C = RM1.23, being the market price per Share based on the five (5)-day VWAMP of the Shares (rounded down to the nearest RM0.01 per Share) on the market day immediately preceding the date on which the Proposed Rights Issue is publicly announced to Bursa Securities (i.e. the 5-day VWAMP of the Shares up to and including 26 April 2022)

D = Value of rights attributable to one (1) Share which shall be calculated in accordance with the following formulae:

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

E = Being the implied conversion price for the RCPS-i C

F = Being the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) RCPS-i C

Strictly for illustration purpose only, based on the formulae set out above and the illustrative issue price, entitlement basis and conversion ratio of the RCPS-i C set out in Section 2.1.2 of this Circular, the adjustments to the conversion ratios for the RCPS-i A and RCPS-i B are expected to be as follows:

$$\text{Illustrative adjusted conversion ratio} = \frac{1.23 - \frac{1.23 - 0.8750}{1.96 + 1}}{1.23} \times \text{Current conversion ratio}$$

For RCPS-i A:

$$\begin{aligned} \text{Illustrative adjusted conversion ratio} &= \frac{1.23 - 0.1199}{1.23} \times 169/50 \\ &= 3.05 \\ &= \underline{\underline{20 \text{ new Shares for every 61 RCPS-i A}}} \end{aligned}$$

For RCPS-i B:

$$\begin{aligned} \text{Illustrative adjusted conversion ratio} &= \frac{1.23 - 0.1199}{1.23} \times 21/5 \\ &= 3.79 \\ &= \underline{\underline{100 \text{ new Shares for every 379 RCPS-i B}}} \end{aligned}$$

Based on the above, the illustrative adjustments to the conversion ratios of RCPS-i A and RCPS-i B are summarised below:

	RCPS-i A	RCPS-i B
Current conversion ratio	50 new Shares for every 169 RCPS-i A held	Five (5) new Shares for every 21 RCPS-i B held
Illustrative adjusted conversion ratio	20 new Shares for every 61 RCPS-i A held	100 new Shares for every 379 RCPS-i B held

Notwithstanding the above, the final adjustments to the conversion ratios of RCPS-i A and RCPS-i B arising from the Proposed Rights Issue will only be finalised by our Board on the Entitlement Date and the holders of the ESOS Options, RCPS-i A and RCPS-i B will be notified accordingly.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of our Shares as traded on the Main Market of Bursa Securities for the past 12 months from September 2021 to August 2022 are as follows:

	High (RM)	Low (RM)
<u>2021</u>		
September	1.263	1.114
October	1.711	1.204
November	1.512	1.213
December	1.333	1.164
<u>2022</u>		
January	1.293	1.204
February	1.412	1.213
March	1.373	1.114
April	1.300	1.160
May	1.180	0.775
June	0.855	0.660
July	0.790	0.630
August	0.825	0.720
Last transacted market price as at 26 April 2022 (being the last trading day prior to the first announcement of the Proposals)		1.240
Last transacted market price as at the LPD		0.790

(Source: Bloomberg)

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9. APPROVALS REQUIRED

The Proposals are subject to the approvals being obtained from the following:

- (i) Bursa Securities for the following:
 - (a) admission to the Official List and listing and quotation of up to 2,662,466,676 new RCPS-i C to be issued pursuant to the Proposed Rights Issue; and
 - (b) listing and quotation of up to 1,597,480,005 new Shares to be issued arising from the conversion of the new RCPS-i C,

which was obtained vide its letter dated 15 August 2022 subject to, among others, the following conditions:

No.	Condition	Status of compliance
1.	The maximum new Shares to be issued arising from the conversion of the new RCPS-i C must be in full compliance with Paragraph 6.50 of the Listing Requirements at all times;	Noted.
2.	S P Setia and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;	Noted.
3.	RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;	To be complied.
4.	RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed; and	To be complied.
5.	S P Setia to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the conversion of new RCPS-i C as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied.

- (ii) Shariah Advisory Council of the SC for the structure of the RCPS-i C, which was obtained vide its letter dated 21 July 2022;
- (iii) our shareholders at the forthcoming EGM for Shareholders in relation to the Proposals;
- (iv) our holders of RCPS-i A and RCPS-i B at the forthcoming EGM for Holders of RCPS-i A and EGM for Holders of RCPS-i B respectively in relation to the Proposed Rights Issue; and
- (v) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue and the Proposed Amendments are inter-conditional upon each other.

Save for the above, the Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

10. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there is no other corporate exercise/scheme which our Company has announced on Bursa Securities but is pending completion as at the LPD.

11. 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 Proposals, save for their respective entitlements as shareholders of our Company in respect of the Proposed Rights Issue, including their rights to apply for excess RCPS-i C, which are also available to the other Entitled Shareholders.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposals, including the rationale and pro forma effects of the Proposals, as well as the utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution(s) pertaining to the (i) Proposals, to be tabled at our forthcoming EGM for Shareholders; and (ii) Proposed Rights Issue, to be tabled at our forthcoming EGM for Holders of RCPS-i A and EGM for Holders of RCPS-i B.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposals are expected to be completed in the fourth quarter of 2022.

The tentative timeline for the implementation of the Proposed Rights Issue is set out below:

Month	Events
26 September 2022	EGMs to approve the Proposals or the Proposed Rights Issue (as the case may be)
Early October 2022	<ul style="list-style-type: none">Price-Fixing DateAnnouncement of the Entitlement Date
End October 2022	<ul style="list-style-type: none">Entitlement DateIssuance of the Abridged Prospectus together with the notice of provisional allotment and the rights subscription form for the RCPS-i C to the Entitled Shareholders
Early November 2022	Closing date for the acceptance of and payment for the RCPS-i C
End November 2022	Admission to the Official List and listing and quotation of the RCPS-i C on the Main Market of Bursa Securities

14. EGMS

The EGMs for the shareholders and holders of the RCPS-i A and RCPS-i B of our Company 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 Monday, 26 September 2022 at the following indicated time for each EGM or at any adjournment thereof:

Date and time of the EGM for Shareholders : Monday, 26 September 2022 at 9:00 a.m.

Date and time of the EGM for Holders of the RCPS-i A : Monday, 26 September 2022 at 10:30 a.m. or following the conclusion or adjournment (as the case may be) of the EGM for Shareholders, whichever is later

Date and time of the EGM for : Monday, 26 September 2022 at 12:00 p.m. or following
Holders of the RCPS-i B the conclusion or adjournment (as the case may be) of
the EGM for Holders of the RCPS-i A, whichever is later

The notices convening the EGMs together with the Forms of Proxy are enclosed in this Circular.

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 EGMs. If you are unable to participate and vote at the respective 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 EGMs or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the respective EGMs should you subsequently wish to do so.

15. FURTHER INFORMATION

You are advised to 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

DETAILS OF THE PROPOSED AMENDMENTS

For the avoidance of doubt, unless otherwise stated, terms used herein shall have the same meaning as defined in the Constitution of our Company.

The following be inserted as Clause 13A of the Constitution of our Company:

CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES

13A. The Class C Islamic Redeemable Convertible Preference Shares (“**RCPS-i C**”) shall confer on their holders the following rights:

- | | |
|---------------------------|--|
| (a) Issue price | The issue price of the RCPS-i C determined by the Board (“ RCPS-i C Issue Price ”). |
| (b) Form | The RCPS-i C will be issued in registered form. |
| (c) Board lot | For the purpose of trading on the Main Market of the Stock Exchange, a board lot of RCPS-i C will be 100 RCPS-i C or such other denomination permitted by the Stock Exchange from time to time. |
| (d) Tenure | Perpetual. |
| (e) Structure description | <p>(i) The RCPS-i C holders shall invest directly into the Shariah-compliant general business of the Company (“RCPS-i C Business”) through the subscription of the RCPS-i C to be issued by the Company.</p> <p>(ii) 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 RCPS-i C Business.</p> <p>(iii) The distributable profits of the Company earned from the 1st day of the calendar month following the date the RCPS-i C is first issued (“RCPS-i C Issue Date”) (“RCPS-i C Profits”), subject to item (v) 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 RCPS-i C Business.</p> <p>(iv) The maximum amount of preferential dividends (i.e. the RCPS-i C Expected Preferential Dividend Amount, as defined below) that can be declared and paid on each RCPS-i C Preferential Dividend Entitlement Date (as defined below) shall be capped at the RCPS-i C Expected Preferential Dividend Rate (as defined below), unless otherwise decided by the Board pursuant to item (vi)(bb) below. In the event that the RCPS-i C Profits as at such RCPS-i C Preferential Dividend Entitlement Date are less than the RCPS-i C Expected Preferential Dividend Amount, the Company may, at its discretion, declare and distribute preferential dividends up to the amount of such RCPS-i C Profits.</p> |

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

- (v) 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 RCPS-i C Deferred Dividends (as defined 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 this Constitution (embedding the rights of the RCPS-i C holders as set out in this Clause 13A), 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.
- (vi) On each RCPS-i C Preferential Dividend Entitlement Date, the Company:
 - (aa) may, at its discretion, declare and distribute preferential dividend up to the RCPS-i C Expected Preferential Dividend Amount to the RCPS-i C holders, subject to the availability of the RCPS-i C Profits; and
 - (bb) may utilise any excess RCPS-i C Profits for the RCPS-i C Business or such other purpose as the Board deems fit, including to declare and distribute RCPS-i C 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 RCPS-i C Profits over and above the RCPS-i C 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.

- (vii) 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 RCPS-i and 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 this Constitution (embedding the rights of the RCPS-i C holders as set out in this Clause 13A), 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.

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

- (viii) 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
 - (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 RCPS-i C Deferred Dividends (as defined 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.
 - (ix) The RCPS-i C holders undertake to sell the undivided proportionate interest of the respective RCPS-i C holders in the RCPS-i C Business on the RCPS-i C Redemption Date (as defined below) at the RCPS-i C Redemption Price (as defined below) which sale shall be concluded by way of conduct upon payment of the RCPS-i C Redemption Price by the Company.
 - (x) Any RCPS-i C holder may exercise his RCPS-i C Conversion Right (as defined below) and without payment of any consideration, convert his RCPS-i C to fully paid ordinary shares in the Company ("**New Ordinary Shares**") in accordance with the RCPS-i C Conversion Ratio (as defined below).
- (f) Ranking of RCPS-i C
- (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.
 - (ii) The RCPS-i C shall rank ahead in point of priority to the holders of the ordinary shares and all other classes of shares (if any, save as the RCPS-i 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 holders of the RCPS-i C as described in this Clause 13A(f). For avoidance of doubt, it is agreed that the passing of the resolution at the extraordinary general meeting of the ordinary shareholders to amend this Constitution (embedding the rights of the RCPS-i C holders as set out in this Clause 13A), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution of dividends and payment out of assets to be decided by the Board at the point of distribution on their behalf.
 - (iii) The RCPS-i C is subordinated to all the Company's creditors in respect of payments of debt and payments out of assets of the Company upon any liquidation, dissolution, or winding up of the Company.

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

- (iv) The Board shall not issue any preference shares (other than additional RCPS-i and/or RCPS-i B issued in accordance with their terms, and/or additional RCPS-i C issued in accordance with the terms herein under this Constitution) which rank equally with or in priority to, the RCPS-i, 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, RCPS-i B and RCPS-i C, by way of an ordinary resolution of such holders.
- (g) Expected preferential dividend rate
- Preferential Dividend
- (i) The RCPS-i C shall carry the right to receive preferential dividends out of the RCPS-i C 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 Clause 13A(f).
- (ii) Subject to compliance with Clause 13A(i), the Company shall utilise and exhaust the retained earnings of the Company earned for the period prior to the RCPS-i C Issue Date ("**RCPS-i C Pre-Issue Retained Earnings**") for the payment of dividends to the ordinary shareholders, and if such RCPS-i C Pre-Issue Retained Earnings are insufficient for the payment of dividends to the ordinary shareholders, the Company may also utilise the RCPS-i C Profits (less any preferential dividends declared but unpaid and any RCPS-i C Deferred Dividends (as defined below)) for such payment.
- (iii) RCPS-i C 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 RCPS-i C Business.
- Expected Preferential Dividend Rate
- (iv) The expected preferential dividend rate per annum shall be 5.43%.
- (v) From the period commencing on and including the 5th anniversary of the RCPS-i C Issue Date until the RCPS-i C Redemption Date (as defined below), an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate set out in Clause 13A(g)(iv), 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 applicable) on any RCPS-i C Preferential Dividend Entitlement Date ("**RCPS-i C Expected Preferential Dividend Rate**") shall not exceed a total rate of 20% per annum.
- (vi) Save in respect of the RCPS-i C Additional Preferential Dividend (as defined below) that the Board may have declared, the maximum amount of preferential dividends that can be declared and paid on each RCPS-i C Preferential Dividend Entitlement Date ("**RCPS-i C Expected Preferential Dividend Amount**"), shall be capped at such RCPS-i C Expected Preferential Dividend Rate unless otherwise decided by the Board.

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

RCPS-i C Deferred Dividends

(vii) On any RCPS-i C Preferential Dividend Entitlement Date:

(aa) in the event that the RCPS-i C Profits are lower than the RCPS-i C Expected Preferential Dividend Amount and the Company does not declare preferential dividends up to the RCPS-i C Expected Preferential Dividend Amount (in whole or in part):

- 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 as at such RCPS-i C Preferential Dividend Entitlement Date (the amount of RCPS-i C Profits declared as preferential dividends by the Company on a particular RCPS-i C Preferential Dividend Entitlement Date, if any, shall be referred to as “**RCPS-i C Declared Sum**”); and
- the amount equivalent to the difference between: (A) the RCPS-i C Profits as at such RCPS-i C Preferential Dividend Entitlement Date; and (B) RCPS-i C Declared Sum, shall be cumulative (“**RCPS-i C Deferred Dividends 1**”), so long as the RCPS-i C remains unredeemed. In this instance, the amount equivalent to the difference between: (A) the RCPS-i C Expected Preferential Dividend Amount; and (B) the RCPS-i C Profits as at such RCPS-i C Preferential Dividend Entitlement Date, shall not be cumulative.

(bb) in the event that the RCPS-i C Profits are higher than the RCPS-i C Expected Preferential Dividend Amount and the Company does not declare preferential dividends up to the RCPS-i C Expected Preferential Dividend Amount (in whole or in part):

- the amount equivalent to the difference between: (A) the RCPS-i C Expected Preferential Dividend Amount; and (B) the RCPS-i C Declared Sum, shall be cumulative (“**RCPS-i C Deferred Dividends 2**”), so long as the RCPS-i C remains unredeemed.

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

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

(aa) has sufficient RCPS-i C Profits that is at least equivalent to the aggregate of the RCPS-i C Declared Sum and any RCPS-i C Deferred Dividends accumulated as at and on such RCPS-i C Preferential Dividend Entitlement Date;

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

- (bb) has maintained books and records that evidence the Company having RCPS-i C Profits that is at least equivalent to the aggregate of the RCPS-i C Declared Sum and any RCPS-i C Deferred Dividends accumulated as at and on such RCPS-i C Preferential Dividend Entitlement Date; and
- (cc) makes an announcement on the Main Market of the Stock Exchange that such amount of RCPS-i C Deferred Dividends on such RCPS-i C Preferential Dividend Entitlement Date shall be cumulative.
- (viii) The RCPS-i C 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 RCPS-i C Deferred Dividends that are not declared will be waived by the RCPS-i C holders and will not be payable in the following circumstances:
 - (aa) 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 RCPS-i C Deferred Dividends that the Company has not declared; and
 - (bb) upon the RCPS-i C holders converting the RCPS-i C to New Ordinary Shares. Accordingly, the RCPS-i C holders shall (in and for compliance with Shariah) waive all RCPS-i C Deferred Dividends that the Company has not declared.

Non-Payment of RCPS-i C Preferential Dividend

- (ix) Where there are no RCPS-i C Profits available for the declaration and payment of dividends (in accordance with this Constitution of the Company and the Act), the Company shall have no obligation to declare or distribute any preferential dividends on the relevant RCPS-i C Preferential Dividend Entitlement Date. Such preferential dividends shall not be cumulative.

Excess of RCPS-i C Profits

- (x) On any RCPS-i C Preferential Dividend Entitlement Date, in the event that the RCPS-i C Profits are higher than the RCPS-i C Expected Preferential Dividend Amount and the Company declares and distributes preferential dividends up to the RCPS-i C Expected Preferential Dividend Amount, any excess of the RCPS-i C Profits after such declaration may be utilised by the Company for the RCPS-i C 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 RCPS-i C Expected Preferential Dividend Amount but not exceeding the RCPS-i C Profits on such RCPS-i C Preferential Dividend Entitlement Date ("**RCPS-i C Additional Preferential Dividends**").

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

Post-Conversion

- (xi) 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 Ordinary Share(s) save for preferential dividends declared but unpaid up to the date of the RCPS-i C Conversion Notice (as defined below).
- (h) Dividend entitlement period 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"**).
- (i) Restrictions on payment of dividends to ordinary shares (i) 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 RCPS-i C Deferred Dividends, has been paid or otherwise provided for in full; save in the circumstances where on any particular RCPS-i C Preferential Dividend Entitlement Date, there are no RCPS-i C Profits available for the declaration and payment of dividends to the ordinary shareholders and preference shareholders, but there are RCPS-i C Pre-Issue Retained Earnings available and sufficient for the payment of dividends to the ordinary shareholders, the Company may utilise such RCPS-i C Pre-Issue Retained Earnings for the declaration and payment of dividends to the ordinary shareholders.
- (ii) In the event that dividends are declared, and subject to the Board approving such declaration, the payment and affirming the priority of payment as described above, the ordinary shareholders shall waive their right to dividend payment, unless and until the Company has paid any preferential dividends declared but unpaid or RCPS-i C Deferred Dividends to the RCPS-i C holders. For avoidance of doubt, it is agreed that the passing of the resolution at the extraordinary general meeting of the ordinary shareholders to amend this Constitution (embedding the rights of the RCPS-i C holders as set out in this Clause 13A), 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.

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

- (j) Conversion rights
- (i) 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 RCPS-i C Issue Date and up to such date no later than nine (9) market days prior to the relevant RCPS-i C Redemption Date (as defined below) of the RCPS-i C (in accordance with the provisions herein), into such number of fully-paid New Ordinary Shares, without payment of any consideration and in accordance with the RCPS-i C Conversion Ratio (as defined below) (“**RCPS-i C Conversion Rights**”).
 - (ii) Subject to the Act, this 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 RCPS-i C Conversion Right by giving notice in writing to the Company (“**RCPS-i C Conversion Notice**”) of his intention to convert and specifying such number of RCPS-i C intended to be converted, into New Ordinary Shares (“**RCPS-i C Conversion Shares**”).
 - (iii) Subject to compliance with all applicable laws and regulations, the Company shall take such requisite steps to allot and issue the New Ordinary Shares, apply for the listing of and quotation for the New Ordinary Shares and credit the New Ordinary Shares into the holder's securities account created with the Central Depository System pursuant to the Central Depositories Act and the Rules, 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.
 - (iv) 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.
 - (v) By the act of surrendering the RCPS-i C for the purpose of the conversion to the New Ordinary Shares, the RCPS-i C holders shall (in and for compliance with Shariah) waive any RCPS-i C Deferred Dividends that the Company has not declared as preferential dividends up to the point of conversion.
- (k) Conversion ratio
- (i) The conversion ratio of the RCPS-i C (“**RCPS-i C Conversion Ratio**”) will be determined and announced by the Board.
 - (ii) If the conversion results in a fractional entitlement to New Ordinary 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.
- (l) Adjustment to the Conversion Ratio
- The RCPS-i C 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 this Constitution. The Company shall give notice in writing to the RCPS-i C holders of its intention to make such adjustments to the RCPS-i C Conversion Ratio.

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

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| (m) Ranking of New Ordinary Shares converted from RCPS-i C | The RCPS-i C Conversion 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 RCPS-i C Conversion Shares. |
| (n) Redemption | <p>The RCPS-i C shall, subject to the Act, be redeemed upon and subject to the following terms and conditions:</p> <ul style="list-style-type: none"> (i) the Company may at any time on or after the 5th anniversary of the RCPS-i C 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 ("RCPS-i C Redemption Date"). The notice shall state the RCPS-i C Redemption Date and 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 RCPS-i C Redemption Date, the RCPS-i C holders shall be entitled to exercise their RCPS-i C Conversion Rights; (ii) on the RCPS-i C 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 Conversion 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 RCPS-i C Redemption Date; and (iii) any RCPS-i C Deferred Dividends as at the RCPS-i C Redemption Date ("RCPS-i C 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 this Constitution; (iv) on the RCPS-i C Redemption Date, the RCPS-i C holders shall sell the undivided proportionate interest of the respective RCPS-i C holders in the RCPS-i C Business to the Company at the RCPS-i C Redemption Price, and pursuant to the redemption and payment of the RCPS-i C Redemption Price on the RCPS-i C Redemption Date for the RCPS-i C redeemed, all rights, benefits and entitlements accorded to such RCPS-i C holders, shall cease; and |

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

- (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.
- (o) Participation in profits
- 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.
- (p) Liquidation, dissolution or winding up preference
- (i) 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 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.
- (ii) 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 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 this Constitution (embedding the rights of the RCPS-i C holders as set out in this Clause 13A), 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.
- (iii) 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.
- (iv) By subscribing to the RCPS-i C, the RCPS-i C holders agree (in and for compliance with Shariah) to waive any RCPS-i C 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.

DETAILS OF THE PROPOSED AMENDMENTS (Cont'd)

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| (q) Rights to receive notices, reports and attend meetings and voting rights | <p>(i) 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:</p> <p>(aa) when the preferential dividends or any part thereof is in arrears and unpaid for more than six (6) months;</p> <p>(bb) on a proposal to reduce the Company's share capital;</p> <p>(cc) on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;</p> <p>(dd) on a proposal to wind up the Company;</p> <p>(ee) during the winding up of the Company; or</p> <p>(ff) on any proposal that affects the rights and privileges attached to the RCPS-i C, including the amendments to this Constitution.</p> <p>(ii) In any of the aforesaid circumstances in this Clause 13A(q)(i), 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 meetings to one vote for each RCPS-i C held.</p> <p>(iii) Failure by the Company to provide any notice of any document referred to in this Clause 13A(q)(i) (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.</p> |
| (r) Listing status of RCPS-i C | <p>(i) The RCPS-i C shall be listed and quoted on the Main Market of the Stock Exchange.</p> <p>(ii) The RCPS-i C Conversion Shares will be listed and quoted on the Main Market of the Stock Exchange.</p> |
| (s) 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. |
| (t) Rating | The RCPS-i C will not be rated. |
| (u) Governing law | Law and regulations of Malaysia. |

SHARIAH PRONOUNCEMENT LETTER

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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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:

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

- (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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SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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;

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

"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), 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**").

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 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

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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):

(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

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

S P SETIA BERHAD

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i C")

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 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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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, 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.

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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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.

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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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:

"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

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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) 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 the 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.

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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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 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

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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 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),

SHARIAH PRONOUNCEMENT LETTER (*Cont'd*)

S P SETIA BERHAD

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-i C")

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.

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.

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

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)

SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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

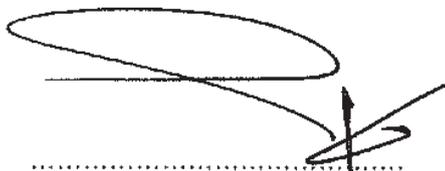
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SHARIAH PRONOUNCEMENT LETTER (Cont'd)

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: 15 JULY 2022

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This 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 AND DECLARATIONS OF CONFLICT OF INTEREST**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 Circular.

EPF and KWAP are common substantial shareholders of our Company and RHB Bank Berhad (being the holding company of RHB Investment Bank) ("**RHB Bank**"). Nevertheless, EPF and KWAP are not involved in the day-to-day operations of our Group as well as RHB Bank and its subsidiaries ("**RHB Banking Group**").

RHB Banking Group engages in private banking, commercial banking and investment banking transactions which include, among others, brokerage, securities trading, assets and fund management as well as credit transaction services. RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to its role as the Principal Adviser to our Company for the Proposals. In addition, any member of RHB Banking Group may at any time, in the ordinary course of business, offer to provide their services or to engage in any transaction (on their own account or otherwise) with any member of our Group, our directors, our shareholders and/or our affiliates, hold long or short positions in securities offered by any member of our Group and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates.

As at the LPD, RHB Banking Group has extended credit facilities amounting to RM2,068.97 million (with an amount of RM971.63 million outstanding) to our Group, joint venture and associated company. The total credit facilities represent 7.39% of the audited consolidated NA of RHB Bank as at 31 December 2021 of RM27,998.33 million.

In addition, the Equity Derivatives Department of RHB Investment Bank ("**RHB EQD**") has issued 40 million units of structured call warrants over our Shares with an expiry date of 27 January 2023 ("**Call Warrants**"). RHB Investment Bank will utilise the proceeds received from the issuance of the Call Warrants for hedging activities which will include the purchase of our Shares to mitigate its exposure to fluctuations in the price of our Shares. As at the LPD, RHB Banking Group holds 18,700 Shares as part of its hedging activities.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposals are mitigated by the following:

- (i) the above credit facilities were provided by RHB Banking Group on an arms' length basis and in its ordinary course of business. Further, the issuance of and hedging activities for the Call Warrants was/will be made on arm's length basis;

FURTHER INFORMATION (Cont'd)

- (ii) the Corporate Finance division of RHB Investment Bank is required under its investment banking licence to comply with strict policies and guidelines issued by the SC, Bursa Securities and BNM governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. In any event, the team in charge of the Proposals in RHB Investment Bank is independent from the team handling the credit facilities. Further, there is no involvement by the Corporate Finance division of RHB Investment Bank in respect of any credit application process as well as the issuance of or hedging activities for structured warrants undertaken by other departments within RHB Banking Group;
- (iii) the hedging activities of RHB EQD are governed by internal limits to manage RHB Banking Group's overall exposure to a particular underlying security where, in this case, RHB EQD can only acquire up to RM30 million of our Shares ("**Equity Limit**"). Based on the Equity Limit, RHB Investment Bank may only acquire up to approximately 0.93% of our market capitalisation computed as at the LPD. However, depending on the market condition and underlying value of our Shares, RHB EQD may increase the Equity Limit subject to the necessary approval(s) from the Chief Executive Officer of RHB Investment Bank and internal committee(s). RHB Banking Group is also governed by other regulatory requirements and its own internal control vis-à-vis exposures to a single counter party;
- (iv) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to our Company for the Proposals is in its ordinary course of business. RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its role as the Principal Adviser to our Company for the Proposals; and
- (v) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls and checks which include, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

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 Shariah pronouncement letter and all references thereto in the form and context in which they appear in this Circular.

Amanie Advisors is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Shariah Adviser to our Company for the Proposed Rights Issue.

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FURTHER INFORMATION (Cont'd)

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

Save as disclosed below, as at 30 June 2022, our Board is not aware of any material commitment contracted or known to be contracted by our Group which may have a material impact on the financial position of our Group:

	(RM'000)
Commitments of our subsidiary companies:	
- Contractual commitments for construction of investment properties	9,910
- Contractual commitments for acquisition and construction of property, plant and equipment	55,976
Share of commitments of joint ventures:	
- Contractual commitments for acquisition of development land	118,620
Total	184,506

3.2 Contingent liabilities

As at 30 June 2022, our Board is not aware of any contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not involved in any material litigation, claim and/or arbitration, either as plaintiff or defendant, and there is no proceeding, pending or threatened, against our Group, or of any fact which is likely to give rise to a proceeding, which may materially and adversely affect the financial position or business of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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 Circular up to and including the date of the EGMs:

- (i) the Constitution of our Company;
- (ii) the Undertakings;
- (iii) the Shariah pronouncement letter issued by Amanie Advisors referred to in Appendix II of this Circular;
- (iv) the audited consolidated financial statements of our Company for the past two (2) FYEs 31 December 2020 and 31 December 2021, as well as the latest unaudited consolidated financial results of our Company for the six (6)-month financial period ended 30 June 2022; and
- (v) the letters of consent referred to in Section 2 above.

Setia

S P SETIA BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING FOR SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) for the shareholders of S P Setia Berhad (“**S P Setia**” or the “**Company**”) 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 (“**Broadcast Venue**”) on Monday, 26 September 2022 at 9:00 a.m. or at any adjournment thereof (“**EGM for Shareholders**”), for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions, by way of poll:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN S P SETIA (“RCPS-i C”) TO RAISE GROSS PROCEEDS OF UP TO RM1,180.00 MILLION (“PROPOSED RIGHTS ISSUE”)

“**THAT** subject to the passing of the Special Resolution as well as the passing of the Ordinary Resolution at the EGMs for the holders of the Islamic redeemable convertible preference shares of the Company (RCPS-i A) and the Class B Islamic redeemable convertible preference shares of the Company (RCPS-i B), and conditional upon the approvals of all relevant authorities being obtained,

- (a) the Proposed Rights Issue, based on the terms of the RCPS-i C detailed in Section 2.1.1 of the circular dated 2 September 2022 (“**Circular**”), be and is hereby approved;
- (b) the utilisation of proceeds from the Proposed Rights Issue, as detailed in Section 3 of the Circular, be and is hereby approved; and
- (c) the Board of Directors of the Company (“**Board**”) be and is hereby empowered and authorised to:
 - (i) apply to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of such additional number of RCPS-i C to be issued pursuant to the Proposed Rights Issue and new ordinary shares in the Company (“**Shares**”) to be issued arising from the conversion of the RCPS-i C on the Main Market of Bursa Securities, in the event the eventual number of RCPS-i C to be issued pursuant to the Proposed Rights Issue and new Shares to be issued arising from the conversion of the RCPS-i C exceed the number approved by Bursa Securities as set out in Section 9(i) of the Circular;
 - (ii) allot and issue such number of RCPS-i C at such issue price and entitlement basis to be determined and announced later by the Board, to the entitled shareholders whose names appear in the Company’s Record of Depositors (“**Entitled Shareholders**”), at the close of business on an entitlement date to be determined and announced later by the Board, to raise gross proceeds of up to RM1,180 million;
 - (iii) deal with any fractional entitlement that may arise from the Proposed Rights Issue and any fractional new Shares arising from the conversion of the RCPS-i C in such manner and on such terms and conditions as the Board in its absolute discretion deems fit or expedient or in the best interest of the Company;
 - (iv) make available for excess applications by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s), and to allocate the excess RCPS-i C in a fair and equitable manner on a basis to be determined by the Board;

- (v) vary the manner and/or purpose of utilisation of proceeds from the Proposed Rights Issue in such manner as the Board may deem fit and in the best interest of the Company in accordance with the quantum of the proceeds of the Proposed Rights Issue ultimately received by the Company;
- (vi) allot and issue such number of new Shares, credited as fully paid-up, to the holders of the RCPS-i C pursuant to the conversion of the RCPS-i C by the holders of the RCPS-i C, from time to time, in accordance with the provisions of the Constitution of the Company; and
- (vii) enter into underwriting arrangement(s) for the underwriting of all or part of the remaining portion of the RCPS-i C for which no irrevocable written undertakings to subscribe has been obtained, and all other documents, agreements and/or arrangements in connection with the underwriting of the RCPS-i C with such parties and upon such terms and conditions as the Board may deem fit;

THAT for the purposes of compliance with Shariah, in the event dividends are declared by the Company after the issuance of the RCPS-i C, and subject to the Board approving such declaration, the ordinary shareholders of the Company shall waive their right to such dividend payment unless and until the Company has paid any preferential dividends declared but unpaid or deferred dividends that the Company has not declared as preferential dividends and accumulated to the holders of the RCPS-i C; and that the priority of distribution of the preferential dividends shall be determined by the Board at the point of distribution on behalf of the shareholders of the Company;

THAT the new Shares to be issued pursuant to the conversion of the RCPS-i C shall upon allotment and issuance, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid to ordinary shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares;

THAT the Board be and is hereby authorised and empowered to implement, finalise and give full effect to the Proposed Rights Issue with full power to assent to and accept any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company all such documents with any party or parties, and to do or procure to be done all such acts, things and matters as they may in their absolute discretion deem fit, necessary, expedient or appropriate and in the best interest of the Company;

AND THAT all previous acts made and/or done by the Board in connection with the Proposed Rights Issue be and are hereby confirmed and ratified.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY (“PROPOSED AMENDMENTS”)

“**THAT** subject to the passing of the Ordinary Resolution, and conditional upon the approvals of all relevant authorities being obtained, the Proposed Amendments be and is hereby approved, by inserting the new Clause 13A in the Constitution of the Company, setting out the terms of the RCPS-i C as set out in Appendix I of the Circular;

AND THAT the Board be and is hereby authorised and empowered to implement, finalise and give full effect to the Proposed Amendments with full power to assent to and accept any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company all such documents with any party or parties, and to do or procure to be done all such acts, things and matters as they may in their absolute discretion deem fit, necessary, expedient or appropriate and in the best interest of the Company.”

BY ORDER OF THE BOARD

LEE WAI KIM

SSM PC No.: 202008001422

MAICSA 7036446

Company Secretary

Selangor Darul Ehsan

2 September 2022

Notes:

1. *A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM for Shareholders in person at the Broadcast Venue on the day of the meeting.*
2. *Shareholders are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM for Shareholders via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the office of the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at 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 Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM for Shareholders on the procedures for electronic submission of form of proxy via **TIIH Online**.*
8. *Only members whose names appear in the Record of Depositors on 19 September 2022 shall be entitled to participate in the EGM for Shareholders via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the EGM for Shareholders via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

Setia

S P SETIA BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING FOR THE HOLDERS OF THE ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) for the holders of the Islamic redeemable convertible preference shares of S P Setia Berhad (“**S P Setia**” or the “**Company**”) (“**RCPS-i A**”) 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 (“**Broadcast Venue**”) on Monday, 26 September 2022 at 10:30 a.m., or immediately following the conclusion or adjournment (as the case may be) of the EGM for the shareholders of S P Setia to be held on the same date at 9:00 a.m., whichever is later (“**EGM for Holders of RCPS-i A**”), for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution, by way of poll:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN S P SETIA (“RCPS-i C”) TO RAISE GROSS PROCEEDS OF UP TO RM1,180.00 MILLION (“PROPOSED RIGHTS ISSUE”)

“**THAT** subject to the passing of the Ordinary Resolution at the EGM for the shareholders of the Company and the Ordinary Resolution at the EGM for the holders of the Class B Islamic redeemable convertible preference shares of the Company (RCPS-i B), and conditional upon the approvals of all relevant authorities being obtained,

- (a) the Proposed Rights Issue, based on the terms of the RCPS-i C detailed in Section 2.1.1 of the circular dated 2 September 2022 (“**Circular**”), be and is hereby approved;
- (b) the Board of Directors of the Company (“**Board**”) be and is hereby empowered and authorised to:
 - (i) apply to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of such additional number of RCPS-i C to be issued pursuant to the Proposed Rights Issue and new ordinary shares in the Company (“**Shares**”) to be issued arising from the conversion of the RCPS-i C on the Main Market of Bursa Securities, in the event the eventual number of RCPS-i C to be issued pursuant to the Proposed Rights Issue and new Shares to be issued arising from the conversion of the RCPS-i C exceed the number approved by Bursa Securities as set out in Section 9(i) of the Circular;
 - (ii) allot and issue such number of RCPS-i C at such issue price and entitlement basis to be determined and announced later by the Board, to the entitled shareholders whose names appear in the Company’s Record of Depositors (“**Entitled Shareholders**”), at the close of business on an entitlement date to be determined and announced later by the Board, to raise gross proceeds of up to RM1,180 million;
 - (iii) deal with any fractional entitlement that may arise from the Proposed Rights Issue and any fractional new Shares arising from the conversion of the RCPS-i C in such manner and on such terms and conditions as the Board in its absolute discretion deems fit or expedient or in the best interest of the Company; and
 - (iv) make available for excess applications by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s), and to allocate the excess RCPS-i C in a fair and equitable manner on a basis to be determined by the Board;

THAT the Board be and is hereby authorised and empowered to implement, finalise and give full effect to the Proposed Rights Issue with full power to assent to and accept any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company all such documents with any party or parties, and to do or procure to be done all such acts, things and matters as they may in their absolute discretion deem fit, necessary, expedient or appropriate and in the best interest of the Company;

AND THAT all previous acts made and/or done by the Board in connection with the Proposed Rights Issue be and are hereby confirmed and ratified.”

BY ORDER OF THE BOARD

LEE WAI KIM

SSM PC No.: 202008001422

MAICSA 7036446

Company Secretary

Selangor Darul Ehsan

2 September 2022

Notes:

1. *A holder of RCPS-i A shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of holders of RCPS-i A of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Holders of RCPS-i A/ proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM for Holders of RCPS-i A in person at the Broadcast Venue on the day of the meeting.*
2. *Holders of RCPS-i A are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM for Holders of RCPS-i A via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*
3. *A holder of RCPS-i A entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a holder of RCPS-i A appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a holder of RCPS-i A is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a holder of RCPS-i A is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the office of the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at 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 Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM for Holders of RCPS-i A on the procedures for electronic submission of form of proxy via **TIIH Online**.*
8. *Only holders of RCPS-i A whose names appear in the Record of Depositors on 19 September 2022 shall be entitled to participate in the EGM for Holders of RCPS-i A via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the EGM for Holders of RCPS-i A via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

Setia

S P SETIA BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING FOR THE HOLDERS OF THE CLASS B ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) for the holders of the Class B Islamic redeemable convertible preference shares of S P Setia Berhad (“**S P Setia**” or the “**Company**”) (“**RCPS-i B**”) 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 (“**Broadcast Venue**”) on Monday, 26 September 2022 at 12:00 p.m., or immediately following the conclusion or adjournment (as the case may be) of the EGM for the holders of the Islamic redeemable convertible preference shares of S P Setia (RCPS-i A) to be held on the same date at 10:30 a.m., whichever is later (“**EGM for Holders of RCPS-i B**”), for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution, by way of poll:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW CLASS C ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN S P SETIA (“RCPS-i C”) TO RAISE GROSS PROCEEDS OF UP TO RM1,180.00 MILLION (“PROPOSED RIGHTS ISSUE”)

“**THAT** subject to the passing of the Ordinary Resolution at the EGM for the shareholders of the Company and the Ordinary Resolution at the EGM for the holders of the Islamic redeemable convertible preference shares of the Company (RCPS-i A), and conditional upon the approvals of all relevant authorities being obtained,

- (a) the Proposed Rights Issue, based on the terms of the RCPS-i C detailed in Section 2.1.1 of the circular dated 2 September 2022 (“**Circular**”), be and is hereby approved;
- (b) the Board of Directors of the Company (“**Board**”) be and is hereby empowered and authorised to:
 - (i) apply to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of such additional number of RCPS-i C to be issued pursuant to the Proposed Rights Issue and new ordinary shares in the Company (“**Shares**”) to be issued arising from the conversion of the RCPS-i C on the Main Market of Bursa Securities, in the event the eventual number of RCPS-i C to be issued pursuant to the Proposed Rights Issue and new Shares to be issued arising from the conversion of the RCPS-i C exceed the number approved by Bursa Securities as set out in Section 9(i) of the Circular;
 - (ii) allot and issue such number of RCPS-i C at such issue price and entitlement basis to be determined and announced later by the Board, to the entitled shareholders whose names appear in the Company’s Record of Depositors (“**Entitled Shareholders**”), at the close of business on an entitlement date to be determined and announced later by the Board, to raise gross proceeds of up to RM1,180 million;
 - (iii) deal with any fractional entitlement that may arise from the Proposed Rights Issue and any fractional new Shares arising from the conversion of the RCPS-i C in such manner and on such terms and conditions as the Board in its absolute discretion deems fit or expedient or in the best interest of the Company; and
 - (iv) make available for excess applications by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s), and to allocate the excess RCPS-i C in a fair and equitable manner on a basis to be determined by the Board;

THAT the Board be and is hereby authorised and empowered to implement, finalise and give full effect to the Proposed Rights Issue with full power to assent to and accept any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company all such documents with any party or parties, and to do or procure to be done all such acts, things and matters as they may in their absolute discretion deem fit, necessary, expedient or appropriate and in the best interest of the Company;

AND THAT all previous acts made and/or done by the Board in connection with the Proposed Rights Issue be and are hereby confirmed and ratified.”

BY ORDER OF THE BOARD

LEE WAI KIM

SSM PC No.: 202008001422

MAICSA 7036446

Company Secretary

Selangor Darul Ehsan

2 September 2022

Notes:

1. *A holder of RCPS-i B shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of holders of RCPS-i B of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Holders of RCPS-i B /proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM for Holders of RCPS-i B in person at the Broadcast Venue on the day of the meeting.*
2. *Holders of RCPS-i B are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM for Holders of RCPS-i B via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*
3. *A holder of RCPS-i B entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a holder of RCPS-i B appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a holder of RCPS-i B is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a holder of RCPS-i B is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the office of the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at 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 Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM for Holders of RCPS-i B on the procedures for electronic submission of form of proxy via **TIIH Online**.*
8. *Only holders of RCPS-i B whose names appear in the Record of Depositors on 19 September 2022 shall be entitled to participate in the EGM for Holders of RCPS-i B via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the EGM for Holders of RCPS-i B via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

FORM OF PROXY FOR EGM FOR SHAREHOLDERS**S P SETIA BERHAD**

(Registration No. 197401002663 (19698-X))

(Incorporated in Malaysia)

For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy must be indicated below:

No. of Ordinary Shares held		First proxy:
		Second proxy:
No. of Islamic Redeemable Convertible Preference Shares held		First proxy:
		Second proxy:
No. of Class B Islamic Redeemable Convertible Preference Shares held		First proxy:
		Second proxy:
CDS Account Number		

I/We NRIC No./Company No.
(FULL NAME IN BLOCK LETTERS)of
(FULL ADDRESS)being a member/members of **S P Setia Berhad**, hereby appoint
(FULL NAME IN BLOCK LETTERS)NRIC No. of
(FULL ADDRESS).....
(FULL ADDRESS)and/or failing *him/her,, NRIC No.
(FULL NAME IN BLOCK LETTERS)of
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Extraordinary General Meeting for the shareholders of S P Setia Berhad ("**S P Setia**" or the "**Company**"), to be conducted entirely through live streaming from the broadcast venue at Annex, Level 1, S P Setia Berhad Corporate HQ, 12 Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan ("**Broadcast Venue**") on Monday, 26 September 2022 at 9:00 a.m. or at any adjournment thereof ("**EGM for Shareholders**") in the manner as indicated below:

No.	Resolutions	FOR	AGAINST
ORDINARY RESOLUTION	Proposed Rights Issue		
SPECIAL RESOLUTION	Proposed Amendments		

* *Strike out whichever is not applicable.*

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this day of 2022.

Signature of Member(s) or Common Seal



Notes:

1. *A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM for Shareholders in person at the Broadcast Venue on the day of the meeting.*
2. *Shareholders are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM for Shareholders via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*
3. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the office of the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at 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 Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM for Shareholders on the procedures for electronic submission of form of proxy via **TIIH Online**.*
8. *Only members whose names appear in the Record of Depositors on 19 September 2022 shall be entitled to participate in the EGM for Shareholders via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the EGM for Shareholders via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

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The Company Secretary

S P SETIA BERHAD (Registration No. 197401002663 (19698-X))

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A, Vertical Business Suite

Avenue 3, Bangsar South, No. 8 Jalan Kerinchi

59200 Kuala Lumpur

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FORM OF PROXY FOR EGM FOR HOLDERS OF RCPS-i A**S P SETIA BERHAD**(Registration No. 197401002663 (19698-X))
(Incorporated in Malaysia)

For appointment of two (2) proxies, percentage of RCPS-i A holdings to be represented by each proxy must be indicated below:

No. of Islamic Redeemable Convertible Preference Shares ("RCPS-i A") held		First proxy:
CDS Account Number		Second proxy:

I/We NRIC No./Company No.....
(FULL NAME IN BLOCK LETTERS)of
(FULL ADDRESS)being a holder of the RCPS-i A of **S P Setia Berhad**, hereby appoint
(FULL NAME IN BLOCK LETTERS)NRIC No. of
(FULL ADDRESS).....
(FULL ADDRESS)and/or failing *him/her,, NRIC No.
(FULL NAME IN BLOCK LETTERS)of
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Extraordinary General Meeting ("**EGM**") for the holders of the RCPS-i A of S P Setia Berhad ("**S P Setia**" or the "**Company**"), to be conducted entirely through live streaming from the broadcast venue at Annex, Level 1, S P Setia Berhad Corporate HQ, 12 Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan ("**Broadcast Venue**") on Monday, 26 September 2022 at 10:30 a.m., or immediately following the conclusion or adjournment (as the case may be) of the EGM for shareholders of S P Setia to be held on the same date at 9:00 a.m., whichever is later ("**EGM for Holders of RCPS-i A**") in the manner as indicated below:

No.	Resolution	FOR	AGAINST
ORDINARY RESOLUTION	Proposed Rights Issue		

* *Strike out whichever is not applicable.*

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this day of 2022.

Signature of Member(s) or Common Seal



Notes:

1. *A holder of RCPS-i A shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of holders of RCPS-i A of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Holders of RCPS-i A/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM for Holders of RCPS-i A in person at the Broadcast Venue on the day of the meeting.*
2. *Holders of RCPS-i A are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM for Holders of RCPS-i A via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*
3. *A holder of RCPS-i A entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a holder of RCPS-i A appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a holder of RCPS-i A is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a holder of RCPS-i A is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the office of the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at 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 Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM for Holders of RCPS-i A on the procedures for electronic submission of form of proxy via **TIIH Online**.*
8. *Only holders of RCPS-i A whose names appear in the Record of Depositors on 19 September 2022 shall be entitled to participate in the EGM for Holders of RCPS-i A via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the EGM for Holders of RCPS-i A via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

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The Company Secretary

S P SETIA BERHAD (Registration No. 197401002663 (19698-X))

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A, Vertical Business Suite

Avenue 3, Bangsar South, No. 8 Jalan Kerinchi

59200 Kuala Lumpur

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FORM OF PROXY FOR EGM FOR HOLDERS OF RCPS-i B**S P SETIA BERHAD**(Registration No. 197401002663 (19698-X))
(Incorporated in Malaysia)

For appointment of two (2) proxies, percentage of RCPS-i B holdings to be represented by each proxy must be indicated below:

No. of Class B Islamic Redeemable Convertible Preference Shares ("RCPS-i B") held		First proxy:
		Second proxy:
CDS Account Number		

I/We NRIC No./Company No.....
(FULL NAME IN BLOCK LETTERS)of
(FULL ADDRESS)being a holder of the RCPS-i B of **S P Setia Berhad**, hereby appoint
(FULL NAME IN BLOCK LETTERS)NRIC No. of
(FULL ADDRESS).....
(FULL ADDRESS)and/or failing *him/her,, NRIC No.
(FULL NAME IN BLOCK LETTERS)of
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Extraordinary General Meeting ("**EGM**") for the holders of the RCPS-i B of S P Setia Berhad ("**S P Setia**" or the "**Company**"), to be conducted entirely through live streaming from the broadcast venue at Annex, Level 1, S P Setia Berhad Corporate HQ, 12 Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan ("**Broadcast Venue**") on Monday, 26 September 2022 at 12:00 p.m., or immediately following the conclusion or adjournment (as the case may be) of the EGM for the holders of the Islamic Redeemable Convertible Preference Shares of S P Setia (RCPS-i A) to be held on the same date at 10:30 a.m., whichever is later ("**EGM for Holders of RCPS-i B**") in the manner as indicated below:

No.	Resolution	FOR	AGAINST
ORDINARY RESOLUTION	Proposed Rights Issue		

* *Strike out whichever is not applicable.*

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this day of 2022.

Signature of Member(s) or Common Seal



Notes:

1. *A holder of RCPS-i B shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of holders of RCPS-i B of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Holders of RCPS-i B/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM for Holders of RCPS-i B in person at the Broadcast Venue on the day of the meeting.*
2. *Holders of RCPS-i B are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM for Holders of RCPS-i B via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.*
3. *A holder of RCPS-i B entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a holder of RCPS-i B appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a holder of RCPS-i B is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a holder of RCPS-i B is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.*
6. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy duly completed and signed must be deposited at the office of the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at 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 Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or at any adjournment thereof. Kindly refer to the Administrative Guide for the EGM for Holders of RCPS-i B on the procedures for electronic submission of form of proxy via **TIIH Online**.*
8. *Only holders of RCPS-i B whose names appear in the Record of Depositors on 19 September 2022 shall be entitled to participate in the EGM for Holders of RCPS-i B via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.*
9. *To participate in the EGM for Holders of RCPS-i B via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.*

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The Company Secretary

S P SETIA BERHAD (Registration No. 197401002663 (19698-X))

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (Registration No. 197101000970 (11324-H))

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Avenue 3, Bangsar South, No. 8 Jalan Kerinchi

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