

All terms and abbreviations used herein shall have the same meanings as those defined in the “Definitions” section of this Information Memorandum unless stated otherwise.

No securities will be allotted or issued based on this Information Memorandum after 6 months from the date of this Information Memorandum.

THIS INFORMATION MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue of RPS with Warrants should be addressed to the Share Registrar, Bina Management (M) Sdn Bhd, at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan (Tel: 03-7784 3922).

CHARACTERISTICS OF THE LEAP MARKET OF BURSA SECURITIES

The LEAP Market has been positioned as a market designed to accommodate corporations to which a higher investment risk may be attached than other corporations listed on the ACE Market or Main Market of Bursa Securities. It is a qualified market which is meant mainly for sophisticated investors only. Only existing securities holders and sophisticated investors are allowed to participate in corporate exercises undertaken by Sunmow. Investors should be aware of the potential risks of investing in such corporations and should make the decision to invest only after due and careful consideration.

This Information Memorandum, together with the RSF (collectively, the “**Documents**”), are only despatched to Entitled Shareholders whose names appear in our Record of Depositors and who have provided the Share Registrar with a registered address in Malaysia no later than 5.00 p.m. on 5 September 2024. The Documents are not intended to be issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of RPS with Warrants complies with the laws of any countries or jurisdictions other than Malaysia. Entitled Shareholders who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance of all or any part of their entitlements to the Rights Issue of RPS with Warrants would result in the contravention of any laws of such countries or jurisdictions. The Company and its Approved Adviser shall not accept any responsibility or liability in the event that any acceptance made by the Entitled Shareholders is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

Shareholders’ approval for this Rights Issue of RPS with Warrants was obtained at the EGM of Sunmow held on 28 June 2024. Bursa Securities had via its letter dated 29 May 2024 taken note of the admission to the Official List and listing and quotation of the Rights RPS, Warrants and new Sunmow Shares to be issued arising from the exercise of the Warrants (“**New Securities**”). Admission to the Official List and listing and quotation of the New Securities are not to be taken as an indication of the merits of the Rights Issue of RPS with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Information Memorandum. The listing and quotation of the New Securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders have been duly credited with the Rights RPS and Warrants allotted to them and notices of allotment have been despatched to them.

The admission of Sunmow to the LEAP Market was advised by its Approved Adviser. This Information Memorandum has been reviewed by Sierac Corporate Advisers Sdn. Bhd., being the Approved Adviser to Sunmow for the Rights Issue of RPS with Warrants. A copy of this Information Memorandum will be deposited with the Securities Commission Malaysia (“**SC**”). Bursa Securities and SC are not liable for any non-disclosure on the part of the Company and take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE “RISK FACTORS” AS SET OUT IN SECTION 5 OF THIS INFORMATION MEMORANDUM.



SUNMOW HOLDING BERHAD
(Registration No. 202001024626 (1380946-V))
(Incorporated in Malaysia)

NON-RENOUNCEABLE RIGHTS ISSUE OF UP TO 15,596,000 NEW REDEEMABLE PREFERENCE SHARES (“RIGHTS RPS”) AT AN ISSUE PRICE OF RM0.50 PER RIGHTS RPS ON THE BASIS OF ONE (1) RIGHTS RPS FOR EVERY FIFTEEN (15) EXISTING ORDINARY SHARES IN SUNMOW (“SUNMOW SHARES” OR “SHARES”) HELD BY THE ENTITLED SHAREHOLDERS AS AT 5.00 P.M. ON 5 SEPTEMBER 2024, TOGETHER WITH UP TO 15,596,000 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS RPS SUBSCRIBED FOR (“RIGHTS ISSUE OF RPS WITH WARRANTS”)

Approved Adviser



SIERAC CORPORATE ADVISERS SDN BHD
(Registration No. 200001013247 (515853-A))

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date : Thursday, 5 September 2024 at 5.00 p.m.
Last date and time for acceptance and payment : Thursday, 19 September 2024 at 5.00 p.m.

This Information Memorandum is dated 5 September 2024

OUR DIRECTORS HAVE SEEN AND APPROVED THE DOCUMENTS RELATING TO THE RIGHTS ISSUE OF RPS WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE DOCUMENTS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS INFORMATION MEMORANDUM FALSE OR MISLEADING.

SIERAC CORPORATE ADVISERS SDN BHD, BEING THE APPROVED ADVISER FOR THIS RIGHTS ISSUE OF RPS WITH WARRANTS, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS INFORMATION MEMORANDUM CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE OF RPS WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

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

SECURITIES ARE OFFERED TO THE ENTITLED SHAREHOLDERS PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF RPS WITH WARRANTS, FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF THE SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

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

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DEFINITIONS

Except where the context otherwise requires or defined herein, the following definitions shall apply throughout this Information Memorandum and RSF and the accompanying appendices:-

ACE LR	:	ACE Market Listing Requirements of Bursa Securities, as may be amended from time to time
Act	:	Companies Act 2016, as may be amended from time to time including any re-enactment thereof
Approved Adviser	:	An adviser authorised by Bursa Securities to carry out both the initial listing activities and post-listing activities for companies listed on the LEAP Market of Bursa Securities
BDA	:	Bintulu Development Authority
BINA Portal	:	Share Registrar's online portal at www.binamanagement.com.my
Board	:	Board of Directors of Sunmow
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CDS	:	Central Depository System
CDS Account(s)	:	Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor(s)
Closing Date	:	Thursday, 19 September 2024 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights RPS with Warrants
CMSA	:	Capital Markets and Services Act 2007, as may be amended from time to time including any re-enactment thereof
Code	:	Malaysian Code on Take-Overs and Mergers 2016, as may be amended from time to time including any re-enactment thereof
Constitution	:	Constitution of the Company
Constitution Amendments	:	Amendments to the existing Constitution of Sunmow to facilitate the creation and issuance of the RPS pursuant to the Rights Issue of RPS with Warrants and the Placement of RPS, which took effect following the approval of the shareholders of Sunmow on 28 June 2024
Deed Poll	:	The deed poll dated 21 August 2024 constituting the Warrants
Director	:	Has the meaning given in Section 2(1) of the CMSA
Documents	:	Collectively, this Information Memorandum and the accompanying RSF
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Shareholders of Sunmow whose names appear in the Record of Depositors of the Company on the Entitlement Date
Entitlement Date	:	5 September 2024 at 5.00 p.m., being the date and time on which the shareholders of Sunmow must be registered on the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue of RPS with Warrants

DEFINITIONS (CONT'D)

EPS	:	Earnings per Share
e-RSF	:	Electronic RSF
eSPA	:	A software system undertaken by the Sarawak government which provides the digital platform for submission of, among others, planning permissions for development of lands or buildings
e-Subscription	:	Electronic subscription of Rights RPS with Warrants via BINA Portal
FPE	:	Financial period ended
FYE	:	Financial year ended/ending 31 December, as the case may be
GP	:	Gross profit
Information Memorandum	:	This information memorandum issued by Sunmow dated 5 September 2024 in relation to the Rights Issue of RPS with Warrants
Interested Person(s)	:	Director(s), major shareholder(s) or chief executive of the Company or person(s) connected to them
IRB	:	Inland Revenue Board of Malaysia
Issue Price	:	Issue price of RM0.50 per RPS
JVA	:	Joint venture agreement dated 2 April 2024 entered into between SCSB and Kemena Holding Sdn Bhd in respect of establishment of unincorporated joint venture entity known as Sunmow-Kemena Joint Venture to undertake a project known as “Projek Sarawak – Sabah Link Road Fasa 2 for Package 4B (Bukit Pagon to Long Luping)”
LEAP LR	:	LEAP Market Listing Requirements of Bursa Securities, as may be amended from time to time
LOA	:	Letter of acceptance dated 16 August 2024 issued by Maltimur Aktif Unggul JV Sdn Bhd for Projek Sarawak – Sabah Link Road Fasa 2 for Package 4B (Bukit Pagon to Long Luping) to Sunmow-Kemena Joint Venture
LPD	:	14 August 2024, being the latest practicable date prior to the printing of this Information Memorandum
LTD	:	9 April 2024, being the last trading day immediately preceding the date of the announcement of the Proposals
Market Day(s)	:	Any day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
Maximum Scenario	:	Assuming:- (a) all the Entitled Shareholders subscribe for their respective entitlements under the Rights Issue of RPS with Warrants; and (b) all of 30,000,000 Placement RPS are issued under the Placement of RPS.
Maximum Scenario (Rights RPS)	:	Assuming:- (a) all the Entitled Shareholders subscribe for their respective entitlements under the Rights Issue of RPS with Warrants, with gross proceeds of RM7,798,000 to be raised; and (b) none of the Placement RPS is issued under the Placement of RPS.

DEFINITIONS (CONT'D)

Minimum Scenario	:	Assuming:- (a) none of the Entitled Shareholders subscribe for their respective entitlements under the Rights Issue of RPS with Warrants except the Undertaking Shareholders; and (b) none of the Placement RPS is issued under the Placement of RPS.
Minimum Subscription Level	:	The minimum subscription level fixed by the Board for the Rights Issue of RPS with Warrants whereby 13,086,712 Rights RPS together with 13,086,712 Warrants will be subscribed for and issued with minimum proceeds of approximately RM6.54 million to be raised
NA	:	Net assets
Official List	:	A list specifying all securities listed on the LEAP Market of Bursa Securities
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Placement of RPS	:	Issuance of up to 30,000,000 Placement RPS at the Issue Price to sophisticated investor(s) to be identified later
Placement RPS	:	Up to 30,000,000 new RPS in Sunmow to be issued pursuant to the Placement of RPS
Proposals	:	Collectively, the Rights Issue of RPS with Warrants, Placement of RPS and Constitution Amendments
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
Rights Issue of RPS with Warrants	:	Non-renounceable rights issue of up to 15,596,000 Rights RPS at the Issue Price on the basis of one (1) Rights RPS for every fifteen (15) existing Sunmow Shares held by the Entitled Shareholders on the Entitlement Date together with up to 15,596,000 Warrants on the basis of one (1) Warrant for every one (1) Rights RPS subscribed
Rights RPS	:	Up to 15,596,000 new RPS in Sunmow to be issued pursuant to the Rights Issue of RPS with Warrants
Rights RPS with Warrants	:	Rights RPS together with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RPS	:	Redeemable preference shares comprising the Rights RPS and Placement RPS
RSF	:	Rights subscription form in relation to the Rights Issue of RPS with Warrants
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, as may be amended from time to time including any re-enactment thereof
Rules of Bursa Depository	:	Rules of Bursa Malaysia Depository Sdn Bhd
SCA	:	Sierac Corporate Advisers Sdn Bhd (Registration No. 200001013247 (515853-A))
Share Registrar	:	Bina Management (M) Sdn Bhd (Registration No. 197901005880 (50164-V))

DEFINITIONS (CONT'D)

SICDA	:	Securities Industry (Central Depositories) Act 1991, as may be amended from time to time including any re-enactment thereof
Sunmow or Company	:	Sunmow Holding Berhad (Registration No. 202001024626 (1380946-V))
SCSB	:	Sunmow Construction Sdn Bhd (Registration No. 200501023366 (705498-K)), a wholly-owned subsidiary of the Company
Sunmow Group or Group	:	Sunmow and its subsidiaries, collectively
Sunmow Shares or Shares	:	Ordinary shares in Sunmow
Surprise Holiday	:	A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
Undertaking	:	Collectively, the irrevocable written undertakings dated 1 April 2024 by the Undertaking Shareholders to subscribe for a total of 13,086,712 Rights RPS based on their respective entitlements under the Rights Issue of RPS with Warrants
Undertaking Shareholders	:	Collectively, Mr. Kong Chiong Miew, Mr. Kong Chiong Ung, Bene Sky Sdn Bhd and Mr. Lee Yew Chen, the substantial shareholders of Sunmow
Warrant(s)	:	Up to 15,596,000 free detachable warrants to be issued pursuant to the Rights Issue of RPS with Warrants
Warrants Exercise Price	:	Exercise price of RM0.60 per Warrant

All references to “our Company” in this Information Memorandum are to Sunmow, and references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company and, where the context otherwise requires, shall include our subsidiaries.

All references to “you” in this Information Memorandum are to our Entitled Shareholders.

In this Information Memorandum, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Information Memorandum to any legislation or guideline is a reference to that legislation or guideline as amended or re-enacted from time-to-time. Any reference to time and date in this Information Memorandum is a reference to Malaysian time and date, unless otherwise stated. Any discrepancy in the figures included in this Information Memorandum between the amounts stated, actual figures and the totals thereof are, unless otherwise explained, due to rounding. “RM” and “sen” refer to Ringgit Malaysia and sen respectively.

Certain statements in this Information Memorandum may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, 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 Information Memorandum should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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ADVISERS' DIRECTORY

APPROVED ADVISER

: **Sierac Corporate Advisers Sdn Bhd**

Unit 12-07, Menara 1MK
Kompleks 1MK
No. 1, Jalan Kiara
Mont Kiara
50480 Kuala Lumpur

Telephone number: 03-2389 3697

DUE DILIGENCE SOLICITORS

: **Olivia Lim & Co**

41-3 Plaza Damansara
Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur

Telephone number: 03-2011 1386

COMPANY SECRETARY

: Wong Yen Lee
(SSM Practicing Certificate No. 202008001170)
(MAICSA 7046106)

C/o CORESec Advisory Sdn Bhd
No. 5-1, Jalan Radin Bagus 9
Bandar Baru Sri Petaling
57000 Kuala Lumpur

Telephone number: 03-9054 1498

SHARE REGISTRAR

: **Bina Management (M) Sdn Bhd**

Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

Telephone number: 03-7784 3922

STOCK EXCHANGE LISTING

: LEAP Market of Bursa Securities

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SUMMARY OF THE RIGHTS ISSUE OF RPS WITH WARRANTS

THIS SUMMARY OF THE RIGHTS ISSUE OF RPS WITH WARRANTS ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS INFORMATION MEMORANDUM. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE ENTIRE CONTENTS OF THIS INFORMATION MEMORANDUM.

Key information	Summary																																		
Issue size	Up to 15,596,000 Rights RPS together with up to 15,596,000 Warrants.																																		
Basis of allotment	One (1) Rights RPS for every fifteen (15) existing Sunmow Shares held by the Entitled Shareholders on the Entitlement Date together with one (1) Warrant for every one (1) Rights RPS subscribed.																																		
Issue Price of the Rights RPS and Warrants Exercise Price	Issue Price of the Rights RPS : RM0.50 per Rights RPS Warrants Exercise Price : RM0.60 per Warrant Please refer to Section 2.2 of this Information Memorandum for further details.																																		
Undertaking	<p>The Rights Issue of RPS with Warrants is intended to be undertaken on a minimum subscription basis under the Minimum Subscription Level to meet the funding requirements of Sunmow Group as set out in Section 3 of this Information Memorandum. Accordingly, Sunmow has procured the Undertaking from the Undertaking Shareholders for the Rights Issue of RPS with Warrants as set out below:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Undertaking Shareholders</th> <th colspan="2">Direct shareholdings in Sunmow as at LPD</th> <th>No. of Rights RPS undertaken to subscribe</th> <th>Amount to be raised</th> </tr> <tr> <th>No. of Shares</th> <th>%</th> <th>No. of Rights RPS</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Kong Chiong Miew</td> <td>102,515,400</td> <td>43.82</td> <td>6,834,360</td> <td>3,417,180</td> </tr> <tr> <td>Kong Chiong Ung</td> <td>67,369,300</td> <td>28.80</td> <td>4,491,286</td> <td>2,245,643</td> </tr> <tr> <td>Bene Sky Sdn Bhd</td> <td>18,994,000</td> <td>8.12</td> <td>1,266,266</td> <td>633,133</td> </tr> <tr> <td>Lee Yew Chen</td> <td>7,422,000</td> <td>3.17</td> <td>494,800</td> <td>247,400</td> </tr> <tr> <td></td> <td>196,300,700</td> <td>83.91</td> <td>13,086,712</td> <td>6,543,356</td> </tr> </tbody> </table> <p>In view of the Undertaking, Sunmow will not procure underwriting arrangement for the Rights Issue of RPS with Warrants.</p> <p>Please refer to Section 2.4 of this Information Memorandum for further details.</p>	Undertaking Shareholders	Direct shareholdings in Sunmow as at LPD		No. of Rights RPS undertaken to subscribe	Amount to be raised	No. of Shares	%	No. of Rights RPS	RM	Kong Chiong Miew	102,515,400	43.82	6,834,360	3,417,180	Kong Chiong Ung	67,369,300	28.80	4,491,286	2,245,643	Bene Sky Sdn Bhd	18,994,000	8.12	1,266,266	633,133	Lee Yew Chen	7,422,000	3.17	494,800	247,400		196,300,700	83.91	13,086,712	6,543,356
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Rationale	<p>The Rights Issue of RPS with Warrants is intended to raise proceeds to be used in the manner as set out in Section 3 of this Information Memorandum. The Board, after due consideration of the various options available, is of the opinion that the Rights Issue of RPS with Warrants is the most suitable means of fundraising for Sunmow as compared to other options available for the following reasons:-</p> <p>(i) it enables the Company to raise the requisite proceeds expeditiously without incurring interest costs associated with bank borrowings, thereby minimising any potential cash outflow arising from interest servicing costs;</p> <p>(ii) it will also minimise the immediate dilution effect on the earnings of the Company which would otherwise arise from the issuance of ordinary shares; and</p> <p>(iii) the Warrants attached to the Rights RPS are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights RPS. In addition, the Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow the Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised.</p> <p>Please refer to Section 4 of this Information Memorandum for further details.</p>																																		

SUMMARY OF THE RIGHTS ISSUE OF RPS WITH WARRANTS

Key information	Summary																				
Utilisation of proceeds	<p>Gross proceeds to be raised from the Rights Issue of RPS with Warrants will be used in the following manner:-</p> <table border="1"> <thead> <tr> <th><u>Utilisation</u></th> <th><u>Minimum Scenario</u></th> <th><u>Maximum Scenario (Rights RPS)</u></th> <th><u>Expected timeframe for utilisation from date of receipt of proceeds</u></th> </tr> <tr> <td></td> <th><u>RM</u></th> <th><u>RM</u></th> <td></td> </tr> </thead> <tbody> <tr> <td>Funding for new property development projects</td> <td>6,243,356</td> <td>7,498,000</td> <td>Within 12 months</td> </tr> <tr> <td>Estimated expenses relating to the Rights Issue of RPS with Warrants</td> <td>300,000</td> <td>300,000</td> <td>Within 6 months</td> </tr> <tr> <td>Total estimated proceeds</td> <td><u>6,543,356</u></td> <td><u>7,798,000</u></td> <td></td> </tr> </tbody> </table> <p>Please refer to Section 3 of this Information Memorandum for further details.</p>	<u>Utilisation</u>	<u>Minimum Scenario</u>	<u>Maximum Scenario (Rights RPS)</u>	<u>Expected timeframe for utilisation from date of receipt of proceeds</u>		<u>RM</u>	<u>RM</u>		Funding for new property development projects	6,243,356	7,498,000	Within 12 months	Estimated expenses relating to the Rights Issue of RPS with Warrants	300,000	300,000	Within 6 months	Total estimated proceeds	<u>6,543,356</u>	<u>7,798,000</u>	
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	<u>RM</u>	<u>RM</u>																			
Funding for new property development projects	6,243,356	7,498,000	Within 12 months																		
Estimated expenses relating to the Rights Issue of RPS with Warrants	300,000	300,000	Within 6 months																		
Total estimated proceeds	<u>6,543,356</u>	<u>7,798,000</u>																			
Risk factors	<p>You should consider the following key risk factors before subscribing for the Rights Issue of RPS with Warrants:-</p> <ul style="list-style-type: none"> (i) the Group's operations and financial performance depend on the ability of the Group to attract and retain key management personnel and other qualified personnel; (ii) the Group faces the risk of increase in the cost of construction, which may adversely impact the business and financial performance of the Group; (iii) the Group faces the risk of defects liability claims during the defect liability period, which may adversely impact the Group's profitability and reputation; (iv) the Group's business operations and financial performance may be affected by the occurrence of pandemics similar to COVID-19 in the future; (v) the Group faces competition in the construction and property development industries, which may have a material impact on the business and financial performance of the Group; (vi) the Group's performance is dependent on the performance of the property market as well as economic, political and regulatory conditions in Malaysia, which may affect the financial performance of the Group; (vii) the market price of the Rights RPS and Warrants is subject to fluctuations; (viii) the Rights Issue of RPS with Warrants may be delayed or aborted due to the occurrence of force majeure events or circumstances beyond the control of the Company and the Approved Adviser, resulting in the proceeds not being raised for the Group's use; (ix) the shareholding of the Company's shareholders may be proportionately diluted when the Warrants are exercised into new Sunmow Shares; and (x) all forward-looking statements in this Information Memorandum are subject to risks and uncertainties which may cause the actual results to differ materially from the anticipated results. <p>Please refer to Section 5 of this Information Memorandum for further details.</p>																				
Procedures for acceptance and payment	<p>Acceptance of and payment for the Rights RPS with Warrants must be made by way of the respective RSF enclosed with this Information Memorandum or e-Subscription by way of e-RSF and must conform with the terms and conditions of the respective RSF and the notes and instructions contained therein. The last day, date and time for acceptance of and payment for the Rights RPS with Warrants is on Thursday, 19 September 2024 at 5.00 p.m. Please refer to Sections 9.4 and 9.5 of this Information Memorandum and the respective RSF for further details on the instruction on acceptance and payment for the Rights RPS.</p>																				



SUNMOW HOLDING BERHAD
(Registration No. 202001024626 (1380946-V))
(Incorporated in Malaysia)

Registered Office:

No. 5-1, Jalan Radin Bagus 9
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Wilayah Persekutuan
Malaysia

5 September 2024

Board of Directors

Kong Chiong Miew (*Executive Chairman*)
Kong Chiong Ung (*Group Managing Director*)
Lee Yew Chen (*Executive Director*)
Kio Fook Khan (*Non-Independent Non-Executive Director*)

To: Entitled Shareholders

Dear Sir / Madam,

RIGHTS ISSUE OF RPS WITH WARRANTS

1. INTRODUCTION

On 12 April 2024, SCA had, on behalf of the Board, announced that the Company proposes to undertake the Proposals. On 15 May 2024, SCA had, on behalf of the Board, made an announcement in relation to the change of terms of the Placement RPS.

On 29 May 2024, SCA had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 29 May 2024 taken note of the following:-

- (a) admission to the Official List and listing and quotation of up to 45,596,000 RPS (comprising up to 15,596,000 Rights RPS and up to 30,000,000 Placement RPS) to be issued pursuant to the Rights Issue of RPS with Warrants and the Placement of RPS;
- (b) admission to the Official List and listing and quotation of up to 15,596,000 Warrants to be issued pursuant to the Rights Issue of RPS with Warrants; and
- (c) listing and quotation of up to 15,596,000 new Sunmow Shares to be issued arising from the exercise of the Warrants.

The admission and listing and quotation of the RPS and the Warrants to be issued pursuant to the Proposals, as well as the listing and quotation of the new Sunmow Shares to be issued pursuant to the exercise of the Warrants, are subject to the following conditions:-

No.	Condition	Status of Compliance
1.	Sunmow and SCA must fully comply with the relevant provisions under the ACE LR and LEAP LR pertaining to the implementation of the Proposals.	To be complied
2.	Sunmow and SCA to inform Bursa Securities upon the completion of the Rights Issue of RPS with Warrants and Placement of RPS respectively.	To be complied

3. Sunmow to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of RPS with Warrants and/or Placement of RPS are completed. To be complied

On 28 June 2024, the shareholders of the Company had during the EGM approved the Proposals.

On 21 August 2024, SCA had, on behalf of the Board, announced the following:-

- (i) the Entitlement Date has been fixed on 5 September 2024 at 5.00p.m. and other relevant dates pertaining to the Rights Issue of RPS with Warrants; and
- (ii) that the Company had executed the Deed Poll.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue of RPS with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by the Company or SCA in connection with the Rights Issue of RPS with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE ENTIRE CONTENTS OF THIS INFORMATION MEMORANDUM WHICH SETS OUT THE DETAILS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE OF RPS WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE OF RPS WITH WARRANTS

2.1. Details of the Rights Issue of RPS with Warrants

The Rights Issue of RPS with Warrants involves the issuance of up to 15,596,000 Rights RPS at the Issue Price on the basis of one (1) Rights RPS for every fifteen (15) existing Sunmow Shares held by the Entitled Shareholders on the Entitlement Date together with up to 15,596,000 Warrants on the basis of one (1) Warrant for every one (1) Rights RPS subscribed for by the Entitled Shareholders. The basis for the allotment ratio of one (1) Rights RPS for every fifteen (15) existing Sunmow Shares is arrived at after taking into consideration, among others, the following:-

- (i) the rationale for the Rights Issue of RPS with Warrants as set out in Section 4 of this Information Memorandum;
- (ii) the Issue Price of the Rights RPS; and
- (iii) the funding requirements of Sunmow Group as set out in Section 3 of this Information Memorandum.

The salient terms of the Rights RPS and Warrants are set out in Sections 2.5 and 2.6 of this Information Memorandum.

As at the LPD, the Company has 233,940,000 Shares in issue and does not have any treasury shares. The actual number of Rights RPS and Warrants to be issued will be determined based on the number of Rights RPS subscribed by the Entitled Shareholders. Accordingly, up to 15,596,000 Rights RPS and up to 15,596,000 Warrants will be issued under the Maximum Scenario (Rights RPS).

Notwithstanding the above, the Company intends to raise minimum proceeds of RM6,543,356 via the issuance of 13,086,712 Rights RPS based on the Issue Price. The Minimum Subscription Level is based on the Undertaking provided by the Undertaking Shareholders as disclosed in Section 2.4 of this Information Memorandum. Under the Minimum Scenario, 13,086,712 Rights RPS together with 13,086,712 Warrants will be issued.

Any fractional entitlement of the Entitled Shareholders under the Rights Issue of RPS with Warrants will be disregarded and shall be dealt with in such manner as the Board in its discretion deems fit and expedient and in the best interest of the Company.

A summary of the Rights Issue of RPS with Warrants is as follows:-

- Basis of the Rights Issue of RPS with Warrants : One (1) Rights RPS for every fifteen (15) existing Sunmow Shares held, together with one (1) Warrant for every one (1) Rights RPS subscribed
- Number of issued Shares as at the LPD : 233,940,000 issued Shares
- Number of Rights RPS with Warrants to be issued :
- (i) Under the Minimum Scenario, 13,086,712 Rights RPS together with 13,086,712 Warrants will be issued; and
 - (ii) Under the Maximum Scenario (Rights RPS), up to 15,596,000 Rights RPS together with up to 15,596,000 Warrants will be issued.
- Proceeds to be raised under the Rights Issue of RPS with Warrants :
- (i) RM6,543,356 under the Minimum Scenario; and
 - (ii) Up to RM7,798,000 under the Maximum Scenario (Rights RPS).
- Issue Price : RM0.50 per Rights RPS

Only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Information Memorandum, together with the RSF.

The Warrants attached to the Rights RPS are issued without any cost to the Entitled Shareholders, and shall only be issued to the Entitled Shareholders who subscribe for the Rights RPS. The Warrants are exercisable into new Sunmow Shares and each Warrant will entitle the Warrant holder to subscribe for one (1) new Sunmow Share at the Warrants Exercise Price. The Warrants will be immediately detached from the Rights RPS upon allotment and issuance and will be traded separately on the LEAP Market of Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.6 of this Information Memorandum.

Any dealing in the securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights RPS with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices of allotment will be despatched to the successful applicants.

The Rights Issue of RPS with Warrants is non-renounceable in accordance with Rule 5.09 of the LEAP LR. Accordingly, the Entitled Shareholders cannot renounce their entitlements to the Rights RPS, whether in full or in part. Any Rights RPS with Warrants which are not taken up or validly taken up, will not be made available for excess applications by other Entitled Shareholders. The Entitled Shareholders who decide to accept only part of their Rights RPS entitlements shall only be entitled to the Warrants in proportion of their acceptance and subscription of their Rights RPS entitlements.

The Rights RPS and Warrants will be admitted to the Official List and the listing of and quotation for the Rights RPS and Warrants will commence 2 Market Days upon receipt by Bursa Securities of an application for quotation for these securities, which will include, amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights RPS and Warrants.

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2.2. Basis of and justification for arriving at the Issue Price of the Rights RPS and the Warrants Exercise Price

(a) Issue Price of the Rights RPS

The Issue Price of the Rights RPS was determined by the Board after taking into consideration the following:-

- (i) the funding requirements of Sunmow Group as set out in Section 3 of this Information Memorandum;
- (ii) the rationale for the Rights Issue of RPS with Warrants as set out in Section 4 of this Information Memorandum;
- (iii) the dividend rate at 4.5% per annum on the Issue Price of the Rights RPS; and
- (iv) the tenure of the Rights RPS which is two (2) years.

The Board is of the view that the Issue Price of the Rights RPS is fair and reasonable after taking into consideration the dividend rate represented by the Issue Price of the Rights RPS being reasonably attractive to encourage the Entitled Shareholders to subscribe for their respective entitlements under the Rights Issue of RPS with Warrants. Relevant tax on the dividend, if any, is to be borne by the Rights RPS holders. The Issue Price of the Rights RPS together with the total number of Rights RPS to be issued pursuant to the Rights Issue of RPS with Warrants is sufficient to meet the Group's funding requirements as set out in Section 3 of this Information Memorandum.

(b) Warrants Exercise Price

The Warrants Exercise Price represents a discount of approximately 41.75% to the theoretical ex-rights price of Sunmow Shares of RM1.03, calculated based on the closing market price of Sunmow Shares as at the LTD of RM1.06.

The management of Sunmow has assessed the implied PE Multiple of the Warrants Exercise Price against the PE Multiple of comparable companies as at the LPD, as shown in the table below:-

<u>Comparable companies</u>	<u>Closing market price</u>	<u>Latest audited EPS</u>	<u>PE Multiple⁽¹⁾</u>
	RM	RM	Times
TRC Synergy Berhad	0.445	0.0536	8.30
Inta Bina Group Berhad	0.455	0.0427	10.66
Mitrajaya Holdings Berhad	0.325	0.0185	17.57
MN Holdings Berhad	0.955	0.0232	41.16
GDB Holdings Berhad	0.320	0.0086	37.21
Average			22.98
Median			17.57
Minimum			8.30
Maximum			41.16
Implied PE Multiple of the Warrants Exercise Price			16.44

(Source: Bloomberg)

Note:-

- (1) PE Multiple is arrived at by dividing the closing market price of comparable companies by their respective latest audited EPS.

The Board is of the view that the Warrants Exercise Price is fair and reasonable after taking into consideration that the Warrants will be issued at no cost to the Entitled Shareholders and the implied PE Multiple of approximately 16.44 times (calculated based on the Warrants Exercise Price and audited EPS of 3.65 sen of Sunmow Group for the FYE 2023), which is:-

- (i) lower than the average and median of the PE Multiple of the comparable companies; and
- (ii) within the range of the PE Multiple of the comparable companies,

as at the LPD. In addition, the Warrants Exercise Price is approximately 2.86 times of the NA per Share of RM0.21 based on the audited financial statements of Sunmow Group for the FYE 2023.

2.3. Ranking of the Rights RPS and new Sunmow Shares to be issued arising from the exercise of the Warrants

The Rights RPS shall, upon full payment of the Issue Price of the Rights RPS, allotment and issuance, rank equally in all respects without any preference or priority among themselves and the Placement RPS, and will rank in priority to Sunmow Shares. Sunmow has the rights to create or issue further securities which may rank in priority or pari passu with the Rights RPS and Placement RPS.

The new Sunmow Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Sunmow Shares except that the holders of such new Sunmow Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company prior to the relevant date of allotment and issuance of the new Sunmow Shares arising from the exercise of the Warrants.

The Warrant holders will not be entitled to any voting rights or any right to participate in any form of distribution and/or offer of further securities in Sunmow until and unless the Warrant holders exercise their Warrants into new Sunmow Shares.

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2.4. Minimum Subscription Level and Undertaking

The Rights Issue of RPS with Warrants is intended to be undertaken on a minimum subscription basis under the Minimum Subscription Level to meet the funding requirements of Sunmow Group as set out in Section 3 of this Information Memorandum.

To meet the Minimum Subscription Level, Sunmow has procured the Undertaking from the Undertaking Shareholders for the Rights Issue of RPS with Warrants as set out below:-

Undertaking Shareholders	Direct shareholdings in Sunmow as at LPD		Entitlements under the Rights Issue of RPS with Warrants				No. of Rights RPS undertaken to subscribe		Amount to be raised
	No. of Shares	%	No. of Rights RPS	%	No. of Warrants	%	No. of Rights RPS	%	RM
Kong Chiong Miew	102,515,400	43.82	6,834,360	43.82	6,834,360	43.82	6,834,360	43.82	3,417,180
Kong Chiong Ung	67,369,300	28.80	4,491,286	28.80	4,491,286	28.80	4,491,286	28.80	2,245,643
Bene Sky Sdn Bhd	18,994,000	8.12	1,266,266	8.12	1,266,266	8.12	1,266,266	8.12	633,133
Lee Yew Chen	7,422,000	3.17	494,800	3.17	494,800	3.17	494,800	3.17	247,400
	196,300,700	83.91	13,086,712	83.91	13,086,712	83.91	13,086,712	83.91	6,543,356

The Undertaking provided by the Undertaking Shareholders reflects their commitment and confidence in growing the Group's business and their support in undertaking the Rights Issue of RPS with Warrants.

Accordingly, the Undertaking Shareholders have confirmed that they have sufficient financial means and resources to fulfil the Undertaking and SCA, being the Approved Adviser, has verified the said confirmation.

The Undertaking Shareholders have also confirmed that:-

- upon completion of the Rights Issue of RPS with Warrants, the resultant shareholdings of the Undertaking Shareholders will not give rise to any consequences of mandatory take-over obligation under the Code and the Rules; and
- they will at all times observe and ensure compliance with the provisions of the Code and the Rules and will seek the necessary exemptions from undertaking such mandatory take-over offer, if required.

In view of the Undertaking, only 2,509,288 Rights RPS, representing approximately 16.09% of the total Rights RPS to be issued, are not being undertaken for subscription. Sunmow will not procure underwriting arrangement for the Rights Issue of RPS with Warrants.

2.5. Salient terms of the Rights RPS

The salient terms of the Rights RPS are as follows:-

Terms	Details
Issuer	: Sunmow
Issue size	: Up to 15,596,000 Rights RPS to be issued pursuant to the Rights Issue of RPS with Warrants
Issue Price	: RM0.50 per Rights RPS
Form and denomination	: The Rights RPS will be constituted by the Company's Constitution and will be issued in registered form. All Rights RPS issued are unsecured.
Tenure	: Two (2) years commencing from and inclusive of the date of the first issuance of the Rights RPS (" Tenure ").
Maturity date	: The day falling two (2) years from the date of the first issuance of the Rights RPS. If such date is not a market day, then it shall be the next market day immediately after the said non-market day (" Maturity Date ").
Dividend rate	: The Rights RPS shall carry the right to receive cumulative gross preferential dividend rate out of the distributable profits of Sunmow at a fixed rate of 4.5% per annum on the Issue Price, subject to the provisions of the Act. No dividend shall be paid on the ordinary shares of Sunmow unless the dividends on the Rights RPS have first been paid.
	<p>The dividends for the Rights RPS shall be paid every six (6) months ending 30th June and 31st December of each year, with the dividend payment to be paid either on 30th June or 31st December (if such date of payment is a bank holiday pursuant to the Holidays Act 1951, then it shall be the next working day immediately after the said bank holiday), with the first dividend payment to commence on or after 31st December 2024, wherein the dividend rate of 4.5% per annum shall be pro-rated from the date of issuance of the Rights RPS. The last dividend payment shall be made on the Maturity Date, wherein the dividend shall be pro-rated if the Maturity Date does not fall on 30th June or 31st December.</p>
Board lot	: The Rights RPS are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by Bursa Securities.
Conversion rights	: The Rights RPS are not convertible into new Sunmow Shares.
Redemption	: Subject to the provisions of the Act, the Company may at its option and discretion, at any time during the Tenure and up to the Maturity Date, redeem in cash any of the Rights RPS on a pro-rata basis at RM0.50 per Rights RPS by giving not less than seven (7) business days' notice of its intention to do so.

Any outstanding Rights RPS which have not already been redeemed by the Company as at the Maturity Date shall be mandatorily redeemed by the Company.

In the event that the Company, before the Maturity Date, transfers its listing to the ACE Market of Bursa Securities or withdraws its listing from the Official List for the purpose of listing on the Main Market of Bursa Securities or otherwise, all outstanding Rights RPS will be redeemed in cash at RM0.50 per Rights RPS by the Company in accordance with the provisions of the Act on or before the said transfer or withdrawal, as the case may be.

Terms	Details
Redemption price	: RM0.50 per Rights RPS
Adjustments to the number of Rights RPS	: The number of Rights RPS held by each Rights RPS holder will not be affected and/or adjusted in the event of any alteration to the ordinary share capital of the Company.
Ranking	: The Rights RPS shall, upon full payment of the Issue Price, allotment and issuance, rank equally in all respects without any preference or priority among themselves and the Placement RPS, and will rank in priority to Sunmow Shares.
Rights of the Rights RPS holders	: The Rights RPS holders shall have the same rights as ordinary shareholders with regard to receiving notices, reports and audited financial statements and attending general meetings of the Company. The Rights RPS holders however are not entitled to any right to vote in any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting in the following circumstances:- (a) where the dividend or part of the dividend on the Rights RPS is in arrear for more than six (6) months; (b) on a proposal to reduce the Company's share capital; (c) on a proposal for the disposal of the whole or a substantial portion (as defined in Section 223 of the Act) of the Group's assets, business or undertakings; (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the Rights RPS; (e) on a proposal for the liquidation, dissolution, winding-up, compromise, scheme of arrangement and/or other repayment of capital (other than on redemption) of Sunmow and during the liquidation, dissolution, winding-up, compromise, scheme of arrangement and/or other repayment of capital (other than the redemption); and (f) other circumstances as may be provided under law which is applicable to preference shares and/or preference shareholders from time to time. The Rights RPS shall carry only the rights to receive cumulative gross preferential dividend rate out of the distributable profits of Sunmow at a fixed rate of 4.5% per annum payable either on 30 th June or 31 st December (if such date of payment is a bank holiday pursuant to the Holidays Act 1951, then it shall be the next working day immediately after the said bank holiday), and shall not confer on the Rights RPS holders the right to participate in any rights, allotments and/or other distributions of profits in the Company. In the event of liquidation, dissolution, winding-up, compromise, scheme of arrangement and/or other repayment of capital (other than on redemption):- (a) The Rights RPS shall confer on the holders the right to receive in priority to the holders of all other class of shares in Sunmow, cash repayment in full of the amount (including the amount of any

Terms	Details
	<p>dividends that has been declared and remaining in arrears) of up to 100% of the Issue Price provided that there shall be no further right to participate in any surplus capital or surplus profits of Sunmow.</p> <p>(b) The Rights RPS shall not confer on the holders the right to participate in the distribution of surplus assets or profits of Sunmow.</p> <p>(c) In the event that Sunmow has insufficient assets to permit payment of the full Issue Price to the Rights RPS holders, the assets of Sunmow shall be distributed rateably to the Rights RPS holders in proportion to the amount that each Rights RPS holder would otherwise be entitled to receive.</p>
Modification of rights of the Rights RPS holders	<p>The Company may from time to time modify the terms of the Rights RPS which in the opinion of the Company are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.</p> <p>Any variation, modification or abrogation of the rights and privileges attached to the Rights RPS shall require the sanction of a special resolution of the Rights RPS holders holding or representing not less than 75% of the outstanding Rights RPS which have not already been redeemed by the Company, who present and do vote at the meeting of the Rights RPS holders.</p>
Events of default	<p>The Rights RPS holders may at their sole discretion by notice require Sunmow to redeem the Rights RPS at the Issue Price together with accrued or any unpaid dividend up to the redemption date stipulated in the notice in the event that Sunmow ceasing or threatening to carry on its business or a substantial part of its business or breaching any terms and conditions of the Rights RPS stated herein.</p>
Rating	<p>The Rights RPS will not be rated.</p>
Listing	<p>The Rights RPS will be listed and quoted on the Official List.</p>
Transferability	<p>The Rights RPS shall be transferable in accordance with the Rules of Bursa Depository.</p>
Governing Law	<p>Laws of Malaysia.</p>

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2.6. Salient terms of the Warrants

The salient terms of the Warrants are as follows:-

Terms	Details
Issuer	: Sunmow
Issue Size	: Up to 15,596,000 Warrants
Form and Detachability	: The Warrants will be issued at no cost to the Entitled Shareholders. The Warrants which are to be issued pursuant to the Rights Issue of RPS with Warrants will be immediately detached from the Rights RPS upon allotment and issuance and will be traded separately on the LEAP Market of Bursa Securities.
Warrants Exercise Price	: RM0.60 per Warrant, being the amount payable for every new Sunmow Share to be subscribed pursuant to exercise of a Warrant.
Warrants Expiry Date	: At the close of business at 5.00 p.m. (Malaysia time), on the date immediately preceding the fourth (4 th) anniversary commencing from and inclusive of the date of the first issuance of the Warrants and if such a day is not a market day, then it shall be the market day immediately preceding the said non-market day.
Warrants Exercise Period	: The Warrants may be exercised at any time during the tenure of four (4) years commencing from and including the date of the first issuance of the Warrants until the close of business at 5.00 p.m. (Malaysia time) on the Warrants Expiry Date. Any Warrants not exercised during the Warrants Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Rights	: Each Warrant shall entitle its registered holder to subscribe for one (1) new Sunmow Share at any time during the Warrants Exercise Period at the Warrants Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of Exercise	: The registered holders of Warrants are required to lodge an exercise form, as set out in the Deed Poll, with the Company's share registrar, duly completed and signed together with payment of the Warrants Exercise Price by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or by way of internet bank transfer when exercising their Warrants to subscribe for new Shares, in accordance with the provisions of the Deed Poll (proof of payment to be attached to the exercise form, and to be submitted together to the share registrar of the Company). The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Warrants Exercise Price and/or number of Warrants	: The Warrants Exercise Price and/or number of unexercised Warrants may be adjusted by the Board, in consultation with the auditors of the Company and/or the Approved Adviser and certified by the auditors, in the event of alteration to the share capital of the Company, capital distribution or issuance of shares or any other events in accordance with the provisions of the Deed Poll.
Ranking of new Sunmow Shares to be issued arising from the exercise of the Warrants	: All new Sunmow Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Sunmow Shares save and except that such new Sunmow Shares shall not be entitled to any dividends, rights, allotments, and/or other distributions which may be declared, made or paid to Sunmow's ordinary shareholders, the entitlement date of which is prior to the date of allotment and issuance of the new Sunmow Shares arising from the exercise of the Warrants.

Terms	Details
Rights of the Warrant holders	<p>The Warrant holders are not entitled to any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants exercise their Warrants into new Sunmow Shares.</p>
Rights of the Warrant holders in the event of winding-up, liquidation, compromise and/or scheme of arrangement	<p>Where a resolution has been passed for a member's voluntary winding-up of the Company or liquidation, or where there is a compromise or scheme of arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-</p> <ul style="list-style-type: none"> (a) the Company shall give notice to the Warrant holders within 21 market days of such a resolution or the court order approving the winding-up, liquidation, compromise or scheme of arrangement (as the case may be); (b) for the purpose of such winding-up, liquidation, compromise or scheme of arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders or some other persons designated by them for such purposes by a special resolution of the Warrant holders will be a party, the terms of such winding-up, liquidation, compromise or scheme of arrangement will be binding on all the Warrant holders; and (c) every Warrant holder shall be entitled to exercise his Warrants at any time within 6 weeks after the passing of such resolution for a member's voluntary winding-up of the Company or within 6 weeks after the granting of the court order approving the winding-up, liquidation, compromise or scheme of arrangement (as the case may be), and shall be treated as if he had exercised the Warrants immediately prior to the commencement of such winding-up, liquidation, compromise or scheme of arrangement whereupon the Company shall allot the relevant new Sunmow Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Sunmow Shares to which he would have become entitled pursuant to such exercise, and the liquidator of the Company will give effect to such election accordingly. All exercise rights which were not exercised within the above 6 weeks shall lapse and cease to be valid for any purpose.
Modification of rights of the Warrant holders	<p>Save as expressly provided in the Deed Poll, no modification, amendment, alteration, abrogation, deletion or addition may be made to the rights of the Warrant holders and/or provisions of the Deed Poll without the sanction of a special resolution of the Warrant holders unless such modification, amendment, alteration, abrogation, deletion or addition is required to correct any manifest/typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws and regulations of Malaysia or in the opinion of the Company upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrant holders.</p> <p>Subject to the approval of Bursa Securities (if so required), any modification, amendment, alteration, abrogation, deletion or addition to the terms and conditions of the Deed Poll may only be effected by a deed</p>

<u>Terms</u>	<u>Details</u>
	poll executed by the Company and expressed to be supplemental to the Deed Poll. The Company must notify the Warrant holders in the manner as prescribed in the Deed Poll of any modification, amendment, alteration, abrogation, deletion or addition to the Deed Poll within 21 market days of such modification, amendment, deletion or addition, or such other time period as may be prescribed by Bursa Securities or such other relevant authorities from time to time.
Board lot	: The Warrants are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by Bursa Securities.
Listing	: The Warrants will be listed and quoted on the Official List.
Transferability	: The Warrants may be transferable in accordance with the provisions of the Deed Poll, subject always to the Rules of Bursa Depository and the provisions of the SICDA.
Deed Poll	: The Warrants shall be constituted by the Deed Poll.
Governing Law	: Laws of Malaysia.

3. UTILISATION OF PROCEEDS

For illustration purposes, based on the Issue Price of the Rights RPS, the gross proceeds to be raised under the Minimum Scenario and Maximum Scenario (Rights RPS) will be utilised in the following manner:-

<u>Utilisation</u>	<u>Minimum Scenario</u>	<u>Maximum Scenario (Rights RPS)</u>	<u>Expected timeframe for utilisation from date of receipt of proceeds</u>
	<u>RM</u>	<u>RM</u>	
Funding for new property development projects ⁽ⁱ⁾	6,243,356	7,498,000	Within 12 months
Estimated expenses relating to the Rights Issue of RPS with Warrants ⁽ⁱⁱ⁾	300,000	300,000	Within 6 months
Total estimated proceeds	6,543,356	7,798,000	

Notes:-

- (i) *The Company intends to utilise up to approximately RM7.50 million of the proceeds to fund the Group's new property development projects, which include payment to contractors, consultants and suppliers as well as payment to the relevant authorities, the breakdown of which cannot be determined at this juncture and is dependent on the progress of the projects at the material time.*

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The details of the new property development projects of Sunmow Group are set out in the table below:-

<i>Project location</i>	<i>Estimated gross development value RM'million</i>	<i>Details of the projects*</i>	<i>Estimated launch date*</i>	<i>Expected completion date (based on the estimated launch date)</i>	<i>Current status as at the LPD</i>
(a) <i>Lot 521, Kemena Land District, Bintulu, Sarawak</i>	86.43	<i>Residential development comprising 123 units of double-storey terrace house and 18 units of single-storey spektra house.</i>	<i>Third quarter of 2024</i>	<i>Third quarter of 2026</i>	<ul style="list-style-type: none"> • <i>Obtained approval for eSPA submission on 19 January 2023 and approval for subdivision plan on 13 March 2023</i> • <i>Obtained conditional approval for engineering plan from BDA on 19 July 2024</i> • <i>Currently pending submission of building plan to BDA (target submission date: End of August 2024)</i>
(b) <i>Lot 250, Block 79 Mukah Land District, Mukah, Sarawak</i>	31.80	<i>Residential development comprising 84 units of single-storey terrace house.</i>	<i>Third quarter of 2024</i>	<i>Third quarter of 2026</i>	<ul style="list-style-type: none"> • <i>Obtained approval for eSPA submission on 30 October 2023 and approval for subdivision plan on 13 May 2024</i> • <i>Submitted engineering plan to Jabatan Tanah dan Survei Bahagian Mukah on 23 April 2024</i> • <i>Currently pending approval for engineering plan from Jabatan Tanah dan Survei Bahagian Mukah</i>
(c) <i>Lot 3629 & Lot 426, Kemena Land District, Bintulu, Sarawak</i>	112.00	<i>Residential development comprising 22 units of 2.5 storey semi-detached house, 39 units of double-storey terrace house, 13 units of single-storey spektra house and 2 blocks of 7-storey apartment (84 units) with relevant facilities.</i>	<i>Fourth quarter of 2024</i>	<i>Fourth quarter of 2028</i>	<ul style="list-style-type: none"> • <i>Obtained approval for eSPA submission on 20 November 2023</i> • <i>Submitted subdivision plan to BDA on 19 March 2024</i> • <i>Currently pending approval for subdivision plan from BDA</i>

	<i>Project location</i>	<i>Estimated gross development value RM'million</i>	<i>Details of the projects*</i>	<i>Estimated launch date*</i>	<i>Expected completion date (based on the estimated launch date)</i>	<i>Current status as at the LPD</i>
(d)	Lot 520, Kemena Land District, Bintulu, Sarawak	68.19	Residential development comprising 99 units of double-storey terrace house.	Fourth quarter of 2024	Fourth quarter of 2026	<ul style="list-style-type: none"> • Obtained approval for eSPA submission on 11 December 2023 and subdivision plan on 23 April 2024 • Currently pending submission of engineering plan to BDA (target submission date: Early September 2024)
(e)	Lot 1841, Kemena Land District, Bintulu, Sarawak	72.63	Residential development comprising 113 units of double-storey terrace house and 16 units of single-storey spektra house.	Fourth quarter of 2024	Fourth quarter of 2026	<ul style="list-style-type: none"> • Obtained approval for eSPA submission on 2 May 2024 • Submitted subdivision plan to BDA on 21 June 2024 • Currently pending approval for subdivision plan from BDA
(f)	Lot 6263, Block 32 Kemena Land District, Bintulu, Sarawak	57.65	Residential development comprising 89 units of double-storey terrace house.	Second quarter of 2025	of Second quarter of 2027	<ul style="list-style-type: none"> • Obtained provisional approval for eSPA submission on 31 July 2024 • Currently pending formal approval for eSPA submission
(g)	Bintulu Lease 4244, Bintulu, Sarawak	44.89	Residential development comprising 65 units of double-storey terrace house.	Second quarter of 2025	of Second quarter of 2027	<ul style="list-style-type: none"> • Submitted planning permissions via eSPA on 11 September 2023 • Currently pending approval for eSPA submission
(h)	Lot 660, Kemena Land District, Bintulu, Sarawak	70.20	Residential development comprising 105 units of double-storey terrace house and 15 units of single-storey spektra house.	Second quarter of 2025	of Second quarter of 2028	<ul style="list-style-type: none"> • Submitted planning permissions via eSPA on 18 October 2023 • Currently pending approval for eSPA submission
(i)	Lot 5774-5777, Block 32 Kemena Land District, Bintulu, Sarawak	32.40	Residential development comprising 50 units of double-storey terrace house.	Second quarter of 2025	of Second quarter of 2027	<ul style="list-style-type: none"> • Obtained provisional approval for eSPA submission on 12 August 2024 • Currently pending formal approval for eSPA submission

	<i>Project location</i>	<i>Estimated gross development value RM'million</i>	<i>Details of the projects*</i>	<i>Estimated launch date*</i>	<i>Expected completion date (based on the estimated launch date)</i>	<i>Current status as at the LPD</i>
(j)	<i>Lot 3174 & 3175, Block 8 Matang Land District, Kuching, Sarawak</i>	80.00	<i>Mixed development comprising 1 block of 14-storey service apartment (187 units) and 9 units of commercial shoplots, 1 unit of hypermarket and 1 unit of management office with relevant facilities.</i>	<i>Second quarter of 2025</i>	<i>Second quarter of 2029</i>	<ul style="list-style-type: none"> • <i>Submitted planning permissions via eSPA on 27 January 2024</i> • <i>Currently pending approval for eSPA submission</i>
(k)	<i>Lot 522, Kemena Land District, Bintulu, Sarawak</i>	61.38	<i>Residential development comprising 90 units of double-storey terrace house and 15 units of single-storey spektra house.</i>	<i>Fourth quarter of 2025</i>	<i>Fourth quarter of 2028</i>	<ul style="list-style-type: none"> • <i>Submitted planning permissions via eSPA on 14 March 2024</i> • <i>Currently pending approval for eSPA submission</i>
(l)	<i>Lot 523, Kemena Land District, Bintulu, Sarawak</i>	84.36	<i>Residential development comprising 124 units of double-storey terrace house and 26 units of single-storey spektra house.</i>	<i>Fourth quarter of 2025</i>	<i>Fourth quarter of 2028</i>	<ul style="list-style-type: none"> • <i>Submitted planning permissions via eSPA on 29 May 2024</i> • <i>Currently pending approval for eSPA submission</i>

* *Subject to the final approval(s) of the relevant authorities.*

The proceeds will be utilised based on the actual funding requirement of the respective projects at the time as well as the actual proceeds raised. As such, the allocation of proceeds between each project shall be adjusted accordingly as and when required. The balance funding requirements for the property development projects will be met via progressive sales billings to be received, internally generated funds and/or bank borrowings, the breakdown of which have not been determined at this juncture.

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- (ii) *The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges for the Rights Issue of RPS with Warrants. If the actual expenses incurred are higher than the amount budgeted, the deficit will be funded via internally generated funds of the Company. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for the new property development projects of Sunmow Group.*

The actual proceeds to be raised are dependent on the actual number of Rights RPS to be issued based on the subscription level of the Rights RPS with Warrants. Any variation in the actual proceeds raised will be adjusted against the proceeds allocated for Sunmow Group's new property development projects as set out above.

Based on the Warrants Exercise Price, the exercise of the Warrants will raise up to RM7.85 million under the Minimum Scenario or RM9.36 million under the Maximum Scenario (Rights RPS). The actual quantum of gross proceeds to be raised from the exercise of the Warrants is dependent on the actual number of Warrants exercised during the Warrants Exercise Period. As and when the Warrants are exercised, the proceeds raised will be used as working capital for the Group, which includes but not limited to staff costs, advertisement and promotional expenses as well as general overheads and administrative expenses such as office expenses relating to utilities and general upkeep, the breakdown of which have not been determined at this juncture. The proceeds to be raised from the exercise of the Warrants will be utilised within a period of 12 months from the date of receipt of such proceeds.

Pending the utilisation of the proceeds from the Rights Issue of RPS with Warrants for the above purposes, the proceeds are intended to be placed in interest-bearing deposits with financial institutions and/or short-term money market instruments as the Board, in its absolute discretion, may deem fit and is in the best interest of the Company. The interest income derived from the deposits or any gains arising from the short-term money market instruments will be used as working capital of the Group, which includes but not limited to staff costs, advertisement and promotional expenses and general overheads such as utilities as well as upkeep of office equipment, vehicle and machinery, the breakdown of which have not been determined at this juncture.

4. RATIONALE FOR THE RIGHTS ISSUE OF RPS WITH WARRANTS

The Company intends to raise proceeds to be used in the manner as set out in Section 3 of this Information Memorandum. The Board, after due consideration of the various options available, is of the opinion that the Rights Issue of RPS with Warrants is the most suitable means of fundraising for Sunmow as compared to other options available for the following reasons:-

- (i) it enables the Company to raise the requisite proceeds expeditiously without incurring interest costs associated with bank borrowings, thereby minimising any potential cash outflow arising from interest servicing costs;
- (ii) it will also minimise the immediate dilution effect on the earnings of the Company which would otherwise arise from the issuance of ordinary shares; and
- (iii) the Warrants attached to the Rights RPS are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights RPS. In addition, the Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow the Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised.

Additionally, the existing shareholders of the Company will be entitled to one (1) Warrant at no cost for each Rights RPS subscribed. Upon exercise of the Warrants, the Warrant holders who are the existing shareholders will have greater participation in the equity of the Company in terms of the number of Sunmow Shares held.

The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants will increase shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. RISK FACTORS

In addition to other information contained elsewhere in this Information Memorandum, you should carefully consider the following risk factors which may have an impact on the future performance of the Group, before subscribing for or investing in the Rights Issue of RPS with Warrants:-

5.1. Risks relating to our business

(i) Dependence on key management personnel

The Group's business sustainability and continued success depend significantly on the abilities, skills and experience as well as the continued efforts of the key management personnel comprising the existing Executive Directors and senior management of the Group. The loss of any key management personnel without suitable and timely replacement, or the inability of the Group to attract and retain qualified personnel, may adversely affect the Group's operations and financial performance.

In recognising the importance of attracting and retaining suitable qualified personnel, the Group has put in place human resource strategies, which include competitive remuneration packages, the adoption of succession planning for key positions and providing employees with a variety of on-going training programmes to enhance their knowledge and capabilities. However, there is no assurance that the Group will be able to identify, attract and retain skilled personnel from time to time in future or that any loss of key management personnel can be easily and quickly replaced without major disruption to the Group's operations.

(ii) Increase in the cost of construction

The increase in the cost of construction for the Group's projects may have an adverse impact on the business and financial performance of the Group. The cost of construction comprises building material, labour, subcontractors' fees and overhead.

In particular, the price of building materials such as cement, concrete, copper, iron and steel are subject to global market prices, while imported materials are subject to foreign currency fluctuations.

As such, the increase in the price of building materials could result in the increase in construction cost and may adversely impact the business and financial performance of the Group.

(iii) Risk of defects liability claims

During the defect liability period of the Group's projects, the Group is liable to for any repair works, reconstruction or rectification of any defects which may surface or be identified during this period at its own expense. In addition to the defect liability, the Group needs to provide design guarantees or indemnity to the customers if the projects include design works.

In the event of defect liability claims, the Group may experience increase in construction costs if the Group is unable to enforce or experience delay in enforcing legal recourse against the subcontractors for indemnity or compensation.

There can be no assurance that in the future the Group will not be subject to material defect liability claims which may have an adverse impact on the Group's profitability and reputation.

(iv) Risk from the Coronavirus Disease 2019 ("COVID-19") outbreak or occurrence of similar pandemics

In the past, the COVID-19 pandemic and its resultant impact on the global economy had temporarily impacted the Group's operations and financial performance. During the various lock-down or movement restriction measures imposed by the government to curb the COVID-19 pandemic, financial performances of the Group were affected as a result of limited manpower due to the restrictions imposed by the Immigration Department. The limited manpower had led to delay in the progress of the construction works undertaken by the Group during the COVID-19 pandemic which in turn affected the revenue of the Group.

Although Malaysia has entered into the endemic phase of COVID-19 and there is no longer any lockdown or movement restriction measures imposed by the government since then, there can be no assurance that any occurrence of similar pandemics in the future may not similarly cause restriction in movement of goods and people, disruptions of supply chain and/or any other external factors which are beyond the control of the Group, which would have a material adverse effect on the business operations and financial performance of the Group.

5.2. Risks relating to our industry

(i) Competition risk

The Group operates in the construction and property development industries, which are highly competitive. In general, competition among building construction contractors and property developers will be somewhat moderated by operators with competitive advantages such as track records, reputation, integration of design capabilities or certain degree of specialisation. The Board believes that the Group remains competitive and is able to grow its business due to its competitive strengths such as the technical expertise, project lead times as well as planning and marketing strategies.

However, there is no assurance that the competition within the industries will not have any material impact on the Group's business and financial performance.

(ii) Dependence on the performance of the property market

The performance of the Group's property development segment is dependent on the performance of the property market in Malaysia. The performance of the property market in Malaysia is generally affected by, amongst others, economic climate, population growth, demand as well as supply of properties. Any adverse development of the Group's property development segment may adversely affect the Group's financial performance.

(iii) Economic, political and regulatory considerations

The Group operates in Malaysia and derives all the revenue from domestic sales. Changes in economic, political and regulatory conditions in Malaysia may materially and adversely affect the overall profitability of the business.

5.3. Risks relating to the Rights Issue of RPS with Warrants

(i) Investment risk

The Rights RPS is a new class of securities to be issued by the Company for which there is no prior market and is subject to price discovery by investors. There can be no assurance that an active market for the Rights RPS will develop upon listing on Bursa Securities, or if developed, will be sustainable.

The market price of the Rights RPS and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets and outlook of the industries in which the Group operates in as well as future financial performance of the Group. In view of this, there can be no assurance that the Rights RPS will be traded at or above the Issue Price, upon or subsequent to its listing and quotation.

The value of the Warrants depends on various factors, primarily the market price of Sunmow Shares, Warrants Exercise Price, remaining tenure of the Warrants and volatility of our share price. Hence, there is no assurance that the Warrants will be "in-the-money" during the tenure of the Warrants. Accordingly, there is no assurance that the Warrants Exercise Price will be less than the prevailing market price of Sunmow Shares during its tenure.

(ii) Failure or delay in the completion of the Rights Issue of RPS with Warrants

The Rights Issue of RPS with Warrants is exposed to the risk that it may be delayed or aborted due to the occurrence of force majeure events or circumstances, which are beyond the control of the Company and the Approved Adviser, arising prior to the completion of the Rights Issue of RPS with Warrants. Such events or circumstances include, epidemics or pandemics, natural disaster, adverse developments

in political, economic and governmental policies in Malaysia (including changes in political leadership, inflation and interest rates), global economic downturn, acts of war, terrorism, riots and expropriations.

Notwithstanding the above, the Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue of RPS with Warrants. However, there can be no assurance that the abovementioned events will not cause any failure or delay in the completion of the Rights Issue of RPS with Warrants.

(iii) Potential dilution of existing shareholders' shareholdings

The issuance of the Rights RPS will not have any effect on the shareholding of the Company's shareholders as the RPS are not convertible into Sunmow Shares. However, the shareholding of the Company's shareholders may be proportionately diluted as a result of the increase in the number of issued Sunmow Shares when the Warrants are exercised into new Sunmow Shares.

Entitled Shareholders who do not or are unable to subscribe fully for their entitlements pursuant to the Rights Issue of RPS with Warrants will experience dilution in their proportionate percentage of shareholdings and voting interest in the Company and the percentage of the enlarged issued share capital represented by their shareholdings in the Company accordingly in the event the Warrants are exercised into new Sunmow Shares. Consequently, their proportionate entitlements to any future distribution, rights and/or allotment that the Company may make after the completion of the Rights Issue of RPS with Warrants will correspondingly be diluted.

(iv) Forward-looking statements

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Information Memorandum are based on estimates and assumptions made by the Company, unless stated otherwise. Although the Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In view of the above, the inclusion of any forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Company that the plans and objectives of the Group will be achieved.

6. INDUSTRY OVERVIEW AND OUTLOOK

6.1. Overview and outlook of the Malaysian economy

The Malaysian economy continued to expand in 2023 despite external headwinds. The Malaysian economy grew by 3.7% despite facing challenges stemming from weak external demand, disruptions in commodity production and higher cost of living. Growth was mainly supported by resilient domestic demand and recovery in tourism activities. On the external front, exports declined due to subdued global demand, lower commodity prices and shifts towards services spending. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Private sector capital spending drove overall investment activity, particularly in information technology and electrical and electronics (E&E). In tandem with external trade performance, export-oriented industries saw some moderation in growth. Nonetheless, all sectors continued to expand in 2023.

The Malaysian economy is projected to grow between 4%-5% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand. Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors. External factors include a weaker-than-expected global growth and

further escalation of geopolitical conflict. Domestically, more severe shocks on commodity production and the implementation of subsidy rationalisation could also weigh on the growth outlook, although this could be partially offset by targeted cash assistance from the Government. Greater spillover from the tech upcycle, stronger-than-expected tourism activity, and faster implementation of existing and new investment projects would provide upside risks to the domestic growth.

(Source: Economic and Monetary Review 2023, Bank Negara Malaysia)

6.2. Overview of the property market in Malaysia

The property market has gradually increased in 2023, higher after the downturn in 2020 due to Covid-19 pandemic. A total of 399,008 transactions worth RM196.83 billion were recorded, each showing an increase of 2.5% and 9.9% respectively compared to 2022, which recorded 389,107 transactions worth RM179.07 billion. Of the total transactions, 77.7% (309,861 transactions) and 18.6% (74,405 transactions) were transfers dated in 2023 and 2022 respectively while the remaining percentage share was for prior years' transfers.

Sectoral market activity performance showed upward movements. Residential, commercial, industrial and development land sub-sectors recorded year-on-year growths of 3.0%, 23.3%, 0.9% and 5.0% respectively, whereas agricultural sub-sector recorded otherwise, declined by 7.8% in volume.

Value of transactions recorded higher increase for all subsectors i.e. residential, commercial, industrial, agriculture and development land and others, each at 7.1%, 17.5%, 13.1%, 4.6% and 13.8% respectively.

Residential sub-sector led the overall property market, with 62.8% contribution in volume. This was followed by agriculture (19.0%), commercial (10.1%), development land and others (6.1%) and industrial (2.0%). Similarly in value, residential took the lead with 51.3% share, followed by commercial (19.5%), industrial (12.2%), agriculture (9.5%) and development land and others (7.5%).

The expansion of the e-commerce sector and various initiatives outlined by the government under 2024 budget such as New Industrial Master Plan 2030 and the Pelan Induk Industri Halal 2030 are expected to promote the performance of industrial property market. As the national economy is projected to remain in the range of 4.0% to 5.0% in 2024 which supported by resilient domestic growth prospects, the property market performance is expected to remain cautiously optimistic given the unpredictable external environment.

(Source: Property Market Report 2023, Valuation and Property Services Department Malaysia)

The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities. For 2024, performance of the sector is expected to remain steady and grow by 6.3%. The residential buildings subsector is buoyed by Government's initiatives such as i-MILIKI and Housing Credit Guarantee Scheme in assisting first-time home buyers, spurring demand for home ownership. Similarly, the non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments.

In addition, the real estate and business services subsector is poised to grow by 5.4% in 2024 attributed to sustained demand for professional services, owing to the increase in non-residential and residential property transactions.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

6.3. Overview of the property market in Sarawak

The performance of East Malaysia Region property market moderated in 2023, indicated by lower volume and value of transactions as compared to 2022. The region registered 39,442 transactions worth RM14.88 billion, decreased by 4.4% and 2.5% in volume and value respectively as compared to 41,256 transactions worth RM15.26 billion in 2022. Combined these three states formed 9.9% and 7.6% of the national volume and value transactions.

On overall property transactions volume trend, all states showed downward trend in 2023 led by Labuan by 11.4%, followed by Sabah (5.7%) and Sarawak (3.8%). By state, Sarawak dominated the region's overall property transactions volume and value with 28,408 transactions (72.0%) worth RM9.23 billion (62.0%) followed by Sabah with 10,503 transactions (26.6%) worth RM5.46 billion (36.7%) and Labuan with 531 transactions (1.4%) worth RM0.19 billion (1.3%).

(Source: East Malaysia Region Property Market Report 2023, Valuation and Property Services Department Malaysia)

6.4. Overview of the construction sector in Malaysia

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link (ECRL) and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities.

The sector is forecast to expand by 5.9% in the second half of 2023 supported by growth in all subsectors. The residential buildings subsector is anticipated to remain encouraging on the back of Government's initiatives such as i-MILIKI and Housing Credit Guarantee Scheme in assisting first-time home buyers, spurring demand for home ownership. Similarly, the non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments. The continuous implementation of strategic infrastructure and utilities projects will further support the civil engineering subsector.

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of NIMP 2030 is expected to further strengthen the performance of non-residential buildings subsector as the Plan will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the MTR of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

The total value of construction work done in Malaysia recorded for 2023 is RM132.2 billion, showing an increase of 8.4% compared to 2022, which recorded construction work done value of RM121.9 billion.

(Source: Quarterly Construction Statistics, Fourth Quarter 2023, Department of Statistics Malaysia)

The value of construction work in Malaysia in the first quarter of 2024 recorded a notable surge of 14.2 per cent (Q4 2023: 6.8%) on a year-on-year basis, recorded to RM36.8 billion (Q4 2023: RM34.1 billion). Meanwhile, a quarter-on-quarter comparison showed the value of Construction work done increased by 7.7 per cent in the first quarter of 2024.

The increment of the Construction sector in the first quarter of 2024 was driven by positive momentum in all sub-sectors. The growth in the quarter was underpinned by improved expansion in the Civil engineering sub-sector, which increased by 24.7 per cent (Q4 2023: 18.0%). The expansion was also supported by an increased in the Special trade activities and the Residential building sub-sector recorded double-digit growth at 11.8 per cent (Q4 2023: 0.3%) and 11.5 per cent (Q4 2023: 2.3%) respectively. In the meantime, the Non-residential buildings sub-sector also expanded at a faster pace of 3.8 per cent (Q4 2023: -1.9%).

(Source: Quarterly Construction Statistics, First Quarter 2024, Department of Statistics Malaysia)

6.5. Overview of the construction sector in Sarawak

In pursuing the development of Sabah and Sarawak, a total of RM6.5 billion and RM5.6 billion, respectively were assigned under the development allocation for 2023. Efforts are underway to accelerate the construction of public transportation infrastructure projects in Sabah and Sarawak including the Sabah Pan-Borneo

Highway and Sarawak-Sabah Link Road. Moreover, public amenities in Sabah and Sarawak particularly in rural area have also been improved with the expansion of road and street lighting; improving water and electricity supply as well as increasing of healthcare facilities and schools. As of July 2023, a total of RM1.9 billion and RM2.2 billion has been spent on development in Sabah and Sarawak, respectively.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

The total value of construction work done in Sarawak recorded for 2023 is RM14.6 billion, showing an increase of 3.54% compared to 2022, which recorded construction work done value of RM14.1 billion.

(Source: Quarterly Construction Statistics, First Quarter 2024, Department of Statistics Malaysia)

Under the Twelfth Malaysia Plan 2021 – 2025, the expected average annual growth rate of the construction sector in Sarawak for 2021 to 2025 is 3.3%. The provision of basic infrastructure will be intensified in Sabah and Sarawak. This includes the upgrading and construction of roads and bridges. The completion of various work packages of the Pan Borneo Highway will further improve connectivity and mobility of people and goods.

The construction of mega projects, such as the Pan Borneo Highway, Sarawak Water Grid Programme and Sabah Seafront will spur the growth of the construction sector. This will create more demand for construction materials and provide civil engineering works opportunities for the local workforce. These projects will catalyse the use of high technology construction methods. The testing of construction and building materials is vital to ascertain the quality and safety of the projects. The laboratory facilities for testing the aforementioned materials will be upgraded to increase capacity and speed up approval processes. The utilisation of technology, such as Industrialised Building System, Building Information Modelling and modular construction, which leverages mechanisation and automation will expedite project completion.

(Source: Twelfth Malaysia Plan 2021-2025, Economic Planning Unit, Prime Minister's Department)

Premier of Sarawak Datuk Patinggi Tan Sri Abang Johari Tun Openg emphasised that the construction sector in Sarawak will see an increase in activities, fueled by various ongoing and forthcoming infrastructure projects slated beyond 2030.

Highlighting the 2024 Sarawak Budget, he said over RM9 billion has been allocated for infrastructure development, marking a significant increase of RM4.56 billion compared to the previous year.

“I think the figure will increase. If Kuala Lumpur and Selangor are focusing on highway construction, Sarawak’s focus is on enhancing infrastructure, particularly road connectivity such as the Pan Borneo Highway, apart from the coastal highway and bridges amounting to about RM12 billion.”

Abang Johari also mentioned that two other major anchor projects, namely an airport and ports, to be implemented beyond 2030 will definitely contribute to Sarawak’s gross domestic product (GDP) growth.

(Source: A publication by Dayak Daily dated 7 June 2024 titled Sarawak ranks among top 4 contributors to Malaysia’s construction sector with RM14.7 bln investment)

As for the Pan Borneo Highway project involving Sabah and Sarawak, Phase 1A of the project in Sabah is 85 per cent complete as of Oct 9, 2023, and is expected to be fully completed in 2025.

Phase 1B of the project, which will likely take five years to complete, will commence after the tender is finalised.

During the Budget 2024 announcement on Oct 13, the government allocated RM72.7 billion for the implementation of government construction work, most of which included projects for school maintenance and repair, quarters, federal roads, public toilets and drains.

Construction companies which have prior involvement in various projects in the two states would likely benefit the most.

Among the projects would be the RM7.4 billion Sarawak-Sabah Link Road Phase 2 project which will commence at the end of this year.

(Source: A publication by BERNAMA dated 30 November 2023 titled Revival of Mega Infrastructure Projects Sparks Construction Sector Growth, Sustainability at Work)

6.6. Prospect of Sunmow Group

The Group is principally engaged in construction contract works and property development. For FYE 2023, property development segment contributed RM41.90 million or 36.39% of the total revenue of RM115.16 million. The revenue from property development segment increased from RM13.82 million in FYE 2022 to RM41.90 million in FYE 2023, representing an increase of RM28.08 million or 203.18%.

In August 2023, the Group launched a residential development project, namely Meadow Residence, with a gross development value of RM77.87 million, which is to be completed in fourth quarter of 2025.

The Group intends to use the proceeds from the fund-raising to expand its property development segment by launching and developing new projects as set out in Section 3 of this Information Memorandum.

Premised on the above, the Board is confident and optimistic that the Group's utilisation of proceeds to develop the new property development projects will enhance its revenue and profitability in future years.

(Source: Management of Sunmow)

7. EFFECTS OF THE PROPOSALS

The Constitution Amendments will not have any effect on the share capital, NA and gearing of the Group, the substantial shareholders' shareholdings of the Company, as well as the earnings and EPS of the Group.

7.1. Share capital

The RPS to be issued pursuant to the Rights Issue of RPS with Warrants and the Placement of RPS will not have any effect on the share capital of the Company. Nevertheless, the effect arising from the exercise of Warrants pursuant to the Rights Issue of RPS with Warrants is set out below:-

	Maximum Scenario		Minimum Scenario	
	No. of Sunmow Shares	RM	No. of Sunmow Shares	RM
As at LPD	233,940,000	38,250,000	233,940,000	38,250,000
Assuming full exercise of the Warrants	15,596,000	⁽¹⁾ 9,357,600	13,086,712	⁽²⁾ 7,852,027
Enlarged issued share capital	249,536,000	47,607,600	247,026,712	46,102,027

Notes:-

(1) Assuming all 15,596,000 Warrants are exercised at the Warrants Exercise Price.

(2) Assuming all 13,086,712 Warrants are exercised at the Warrants Exercise Price.

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7.2. NA and gearing

In view that the Rights Issue of RPS with Warrants is not conditional upon the Placement of RPS and vice versa, the pro forma effects of the Rights Issue of RPS with Warrants and the Placement of RPS on the NA and gearing of the Group under the Maximum Scenario are illustrated on overall and stand-alone basis as follows:-

Maximum Scenario – overall basis

	Audited as at 31 December 2023	(I) After Rights Issue of RPS with Warrants	(II) After (I) and Placement of RPS	(III) After (II) and assuming full exercise of Warrants
	RM	RM	RM	RM
Share capital	38,250,000	38,250,000	38,250,000	⁽⁵⁾ 47,607,600
Merger deficit	(24,539,800)	(24,539,800)	(24,539,800)	(24,539,800)
Equity reserves	2,000,000	2,000,000	2,000,000	2,000,000
Retained profits	33,881,819	⁽¹⁾ 33,581,819	⁽³⁾ 33,431,819	33,431,819
Shareholders' fund/NA	49,592,019	49,292,019	49,142,019	58,499,619
No. of Shares	233,940,000	233,940,000	233,940,000	249,536,000
NA per Share	0.21	0.21	0.21	0.23
Total borrowings	10,849,036	⁽²⁾ 18,647,036	⁽⁴⁾ 33,647,036	33,647,036
Gearing (times)	0.22	0.38	0.68	0.58

Maximum Scenario – stand-alone basis (Rights Issue of RPS with Warrants)

	Audited as at 31 December 2023	(I) After Rights Issue of RPS with Warrants	(II) After (I) and assuming full exercise of Warrants
	RM	RM	RM
Share capital	38,250,000	38,250,000	⁽⁵⁾ 47,607,600
Merger deficit	(24,539,800)	(24,539,800)	(24,539,800)
Equity reserves	2,000,000	2,000,000	2,000,000
Retained profits	33,881,819	⁽¹⁾ 33,581,819	33,581,819
Shareholders' fund/NA	49,592,019	49,292,019	58,649,619
No. of Shares	233,940,000	233,940,000	249,536,000
NA per Share	0.21	0.21	0.23
Total borrowings	10,849,036	⁽²⁾ 18,647,036	18,647,036
Gearing (times)	0.22	0.38	0.32

Maximum Scenario – stand-alone basis (Placement of RPS)

	Audited as at 31 December 2023	After Placement of RPS
	RM	RM
Share capital	38,250,000	38,250,000
Merger deficit	(24,539,800)	(24,539,800)
Equity reserves	2,000,000	2,000,000
Retained profits	33,881,819	⁽³⁾ 33,431,819
Shareholders' fund/NA	49,592,019	49,142,019
No. of Shares	233,940,000	233,940,000
NA per Share	0.21	0.21
Total borrowings	10,849,036	⁽⁴⁾ 25,849,036
Gearing (times)	0.22	0.53

Notes:-

- (1) After taking into consideration the estimated expenses of RM0.30 million comprising professional fees and other contingencies.
- (2) Assuming all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue of RPS with Warrants, amounting to RM7.80 million is procured. The Rights RPS are treated as financial liabilities in accordance with paragraph 18(a) of the Malaysian Financial Reporting Standard (“MFRS”) 132.
- (3) After taking into consideration the placement fees of 1% in relation to the Placement of RPS.
- (4) After taking into consideration the Placement RPS, amounting to RM15.00 million. The Placement RPS are treated as financial liabilities in accordance with paragraph 18(a) of the MFRS 132.
- (5) Assuming all 15,596,000 Warrants are exercised at the Warrants Exercise Price.

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The pro forma effects of the Rights Issue of RPS with Warrants and the Placement of RPS on the NA and gearing of the Group under the Minimum Scenario are illustrated as follows:-

Minimum Scenario

	Audited as at 31 December 2023	(I) After Rights Issue of RPS with Warrants	(II) After (I) and assuming full exercise of Warrants
	RM	RM	RM
Share capital	38,250,000	38,250,000	⁽³⁾ 46,102,027
Merger deficit	(24,539,800)	(24,539,800)	(24,539,800)
Equity reserves	2,000,000	2,000,000	2,000,000
Retained profits	33,881,819	⁽¹⁾ 33,581,819	33,581,819
Shareholders' fund/NA	49,592,019	49,292,019	57,144,046
No. of Shares	233,940,000	233,940,000	247,026,712
NA per Share	0.21	0.21	0.23
Total borrowings	10,849,036	⁽²⁾ 17,392,392	17,392,392
Gearing (times)	0.22	0.35	0.30

Notes:-

- (1) After taking into consideration the estimated expenses of RM0.30 million comprising professional fees and other contingencies.
- (2) Assuming none of the Entitled Shareholders subscribe for their respective entitlements under the Rights Issue of RPS with Warrants except the Undertaking Shareholders, amounting to RM6.54 million is procured. The Rights RPS are treated as financial liabilities in accordance with paragraph 18(a) of the MFRS 132.
- (3) Assuming all 13,086,712 Warrants are exercised at the Warrants Exercise Price.

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7.3. Substantial shareholders' shareholdings

The issuance of the RPS pursuant to the Rights Issue of RPS with Warrants and the Placement of RPS will not have any effect on the shareholding of the Company's shareholders.

The pro forma effects of the exercise of Warrants on the shareholdings of the Company's substantial shareholders as at the LPD are set out below:-

Maximum Scenario

	As at the LPD				After Rights Issue of RPS with Warrants and Placement of RPS and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kong Chiong Miew	102,515,400	43.82	⁽¹⁾ 300,000	0.13	109,349,760	43.82	⁽¹⁾ 320,000	0.13
Kong Chiong Ung	67,369,300	28.80	⁽²⁾ 60,000	0.03	71,860,586	28.80	⁽²⁾ 64,000	0.03
Bene Sky Sdn Bhd	18,994,000	8.12	-	-	20,260,266	8.12	-	-
Lee Yew Chen	7,422,000	3.17	⁽³⁾ 18,994,000	8.12	7,916,800	3.17	⁽³⁾ 20,260,266	8.12
Benecap Sdn Bhd	-	-	⁽³⁾ 18,994,000	8.12	-	-	⁽³⁾ 20,260,266	8.12

Minimum Scenario

	As at the LPD				After Rights Issue of RPS with Warrants and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kong Chiong Miew	102,515,400	43.82	⁽¹⁾ 300,000	0.13	109,349,760	44.27	⁽¹⁾ 300,000	0.12
Kong Chiong Ung	67,369,300	28.80	⁽²⁾ 60,000	0.03	71,860,586	29.09	⁽²⁾ 60,000	0.02
Bene Sky Sdn Bhd	18,994,000	8.12	-	-	20,260,266	8.20	-	-
Lee Yew Chen	7,422,000	3.17	⁽³⁾ 18,994,000	8.12	7,916,800	3.20	⁽³⁾ 20,260,266	8.20
Benecap Sdn Bhd	-	-	⁽³⁾ 18,994,000	8.12	-	-	⁽³⁾ 20,260,266	8.20

Notes:-

- (1) Deemed interest by virtue of his spouse's and children's shareholdings pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of his spouse's shareholding pursuant to Section 59(11)(c) of the Act.
- (3) Deemed interest by virtue of his/its interests in Bene Sky Sdn Bhd pursuant to Section 8 of the Act.

7.4. Earnings and EPS

The Rights Issue of RPS with Warrants and the Placement of RPS will not have an immediate dilution effect on the consolidated earnings and EPS of the Company as the RPS are not convertible into Sunmow Shares but the consolidated EPS of the Company may be proportionately diluted as a result of the increase in the number of issued Sunmow Shares when the Warrants are exercised into new Sunmow Shares.

Nevertheless, the management expects the issuance of the Rights RPS to contribute positively to the future earnings of the Company due to utilisation of the proceeds from the Rights Issue of RPS with Warrants to undertake new projects.

7.5. Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

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

8.1. Working capital

The Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as the Group's existing cash and bank balances. As at the LPD, the Group holds cash and bank balances of RM21.65 million and deposits with licensed banks of RM2.57 million as well as unutilised revolving credit of RM3.20 million and performance bond of RM2.26 million.

Apart from the above-mentioned sources of liquidity, Sunmow Group does not have access to other material unused sources of liquidity as at the LPD.

The Board confirms that, after taking into consideration the funds generated from the Group's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue of RPS with Warrants, the Group will have sufficient working capital available for a period of 12 months from the date of this Information Memorandum.

8.2. Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out below:-

<u>Borrowings</u>	<u>Outstanding amount as at the LPD</u>
	RM
Short term borrowings	
Hire purchase liabilities	1,057,087
Term loans	1,187,020
Revolving credit	6,800,000
Long term borrowings	
Hire purchase liabilities	1,422,524
Term loans	2,864,444

The Board confirms that there has not been any default on payments of either interest and/or principal sums for any borrowing throughout the past one financial year ended 31 December 2023 and subsequent financial period up to the LPD.

8.3. Material commitments

As at the LPD, there is no material commitment for capital expenditure incurred or known to be incurred by the Group, which upon becoming enforceable, may have material impact on the financial position of the Group.

8.4. Contingent liabilities

As at the LPD, there are no material contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial position of the Group.

8.5. Material transactions

The Board confirms that save for the following transactions, there is no other transaction which may have a material effect on the operations, financial position and results of the Group since the latest unaudited consolidated financial statements of the Group for the FPE 30 June 2024:-

- (i) the Proposals;
- (ii) the JVA, which was announced on 19 August 2024; and
- (iii) the receipt of the LOA, which was announced on 19 August 2024.

9. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS RPS WITH WARRANTS ARE SET OUT IN THIS INFORMATION MEMORANDUM AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS INFORMATION MEMORANDUM, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS INFORMATION MEMORANDUM.

9.1. General

This Information Memorandum and the RSF are also available at the registered office of the Company, the Share Registrar or on Bursa Securities' website at <https://www.bursamalaysia.com>.

As the Rights Issue of RPS with Warrants is non-renounceable, no provisional allotment of the Rights RPS with Warrants will be made available to the Entitled Shareholders. The Entitled Shareholders cannot renounce their entitlements to the Rights RPS, whether in full or in part. Any Rights RPS with Warrants which are not taken up or validly taken up, will not be made available for excess applications by other Entitled Shareholders. The Entitled Shareholders who decide to accept only part of their Rights RPS entitlements shall only be entitled to the Warrants in proportion of their acceptance and subscription of their Rights RPS entitlements.

9.2. Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights RPS with Warrants is on Thursday, 19 September 2024 at 5.00 p.m., or such later date and time as may be determined and announced by the Board at their absolute discretion.

The outcome of the subscription of the Rights Issue of RPS with Warrants shall be announced on Bursa Securities after the Closing Date.

9.3. Methods of acceptance and application

You may subscribe for the Rights RPS with Warrants using either of the following methods:-

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

9.4. Procedures for full acceptance and payment

YOU ARE ADVISED TO READ THIS INFORMATION MEMORANDUM, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

9.4.1. By way of RSF

Acceptance of and payment for the Rights RPS with Warrants by you as an Entitled Shareholder must be made on the RSF enclosed with this Information Memorandum and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances and/or payments which do not strictly conform to the terms of this Information Memorandum, the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of the Board.

If you wish to accept the Rights RPS with Warrants either in full or in part, please complete Part I and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be sent to the Share Registrar using the envelope provided (at your own risk) by ORDINARY POST, COURIER or DELIVERY BY HAND to the following address:-

Bina Management (M) Sdn Bhd (Registration No. 197901005880 (50164-V))
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Telephone number: 03-7784 3922

To facilitate the processing of the RSF by the Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

The completed and signed RSF together with the accompanying subscription monies must arrive not later than 5.00p.m. on the Closing Date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), the Share Registrar at the address stated above or the registered office of Sunmow.

1 RSF can only be used for the acceptance of the Rights RPS with Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of the Rights RPS with Warrants standing to the credit of more than 1 CDS Account. If successful, the Rights RPS with Warrants subscribed by you will be credited into the respective CDS Accounts where the Rights RPS with Warrants are standing to the credit.

Successful applicants of the RSF will be given free attached Warrants on the basis of 1 Warrant for every 1 Rights RPS successfully subscribed for. The minimum number of Rights RPS that can be subscribed for or accepted is 1 Rights RPS for every 15 Sunmow Shares held on the Entitlement Date. However, you should take note that a trading board lot for the Rights RPS and Warrants will comprise 100 Rights RPS and 100 Warrants respectively. Fractional entitlements arising from the Rights Issue of RPS with Warrants will be disregarded and dealt with by the Board as they may deem fit and expedient and in the best interest of the Company.

Each completed RSF must be accompanied by remittance in RM for the full amount payable for the Rights RPS with Warrants subscribed in the form of banker's draft(s) or cashier's order(s) drawn on a bank operating in Malaysia crossed "A/C PAYEE ONLY" and made payable to "SUNMOW HOLDING BERHAD" and endorsed on the reverse side with your name and address in block letters, your contact number and CDS Account number.

Application accompanied by payment other than in the manner stated above or with excess or insufficient remittance may or may not be accepted at the absolute discretion of the Board. Details of the remittance must be filled in the appropriate boxes provided in the RSF.

If acceptance and payment for the Rights RPS with Warrants (whether in full or in part, as the case may be) are not received by the Share Registrar by the Closing Date, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by the Board at their discretion,

you will be deemed to have declined your right to subscribe for the Rights RPS with Warrants and it will be cancelled.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCE SO LODGED WITH THE SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF RPS WITH WARRANTS. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR.

Applications shall not be deemed to have been accepted by reason of the remittance being presented for payment. The Board reserves the right not to accept any application or to accept any application in part only without assigning any reason.

If your application is successful, a notice of allotment will be issued and despatched by ordinary post to you at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within 8 Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

All Rights RPS and Warrants to be issued pursuant to the Rights Issue of RPS with Warrants will be allotted by way of crediting the Rights RPS and Warrants into the CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued.

Stamp duty

Pursuant to Section 4(1) of the Stamp Act 1949, the RSF is deemed to be an agreement and an instrument chargeable with stamp duty. In the event that you wish to accept the Rights RPS with Warrants that you are entitled to, you are required to comply with the requirement of paying the appropriate stamp duty imposed on the RSF, which is RM10.00. However, effective from 1 January 2024, the IRB has terminated the usage of adhesive stamp as a stamping method at all IRB's stamp duty counters and district stamp offices.

In connection thereto, you may now pay the stamp duty using the following options:-

- (i) accept the Rights RPS with Warrants using RSF in which, you are required to pay the stamp duty via IRB's system, namely Stamp Assessment and Payment System ("STAMPS") at <https://stamps.hasil.gov.my>. The payment of stamp duty must be made via the same link. The Stamp Certificate / Official Receipt will be issued via STAMPS as a proof of payment of stamp duty. Thereafter, submit the STAMP CERTIFICATE together with the physical RSF to the Share Registrar. Please refer to Section 9.4.1 of this Information Memorandum for the instructions and terms and conditions of the RSF subscription; or
- (ii) accept the Rights RPS with Warrants through e-Subscription via BINA Portal whereby the stamp duty payable is paid to BINA Portal together with the payment for the Rights RPS with Warrants electronically via the same website. Under this option, you are not required to submit the physical RSF to the Share Registrar. Please refer to Section 9.4.2 of this Information Memorandum for the instructions and terms and conditions of the e-Subscription via BINA Portal.

9.4.2. By way of e-Subscription via BINA Portal

The e-Subscription is available to you upon your login to the Share Registrar's BINA Portal. You are advised to read the instructions as well as terms and conditions of the e-Subscription. The e-Subscription is applicable to all Entitled Shareholders.

Entitled Shareholders who wish to subscribe for the Rights RPS with Warrants by way of e-Subscription shall take note of the following:-

- (i) any e-Subscription received by the Share Registrar after the Closing Date shall be regarded as null and void at the absolute discretion of the Board;
- (ii) the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using BINA Portal, the terms and conditions of e-Subscription of this Information Memorandum and the

notes and conditions contained in the RSF. Any incomplete e-Subscription submitted via BINA Portal may or may not be accepted at the absolute discretion of the Board;

- (iii) the number of Rights RPS which you are entitled to under the Rights Issue of RPS with Warrants is set out in the e-Subscription. You are required to indicate the number of Rights RPS you wish to accept in the e-Subscription;
- (iv) each subscription of e-Subscription must be accompanied by the remittance in RM via internet bank transfer, to the bank account details as follows:-

Name of Account : **SUNMOW HOLDING BERHAD**
Name of Bank : **PUBLIC BANK BERHAD**
Account Number : **3240452905**

- (v) a handling fee of RM5.00 together with stamp duty of RM10.00 per e-Subscription are to be paid to the Share Registrar's bank account as follows:-

Name of Account : **BINA MANAGEMENT (M) SDN BHD**
Name of Bank : **RHB BANK BERHAD**
Account Number : **21406200103880**

- (vi) all Entitled Shareholders who wish to submit by way of e-Subscription are required to follow the procedures and read the terms and conditions as stated below:-

Procedures for user registration

- Access BINA Portal at www.binamanagement.com.my.
- Click <<Login/Register>> followed by <<Register New User>> to register as a new user.
- Complete the registration by filling up the information required and upload a clear copy of your MyKad (both front and back page) or passport.
- Read and agree to the terms and conditions and thereafter submit your registration.
- Please enter a valid email address in order for you to receive the verification email from BINA Portal.
- Please verify your email address before the link expire in **1 hour** from your registration.
- Your registration will be verified and approved by BINA Portal. Once approved, an email notification will be sent to you.
- If you have already registered an account with BINA Portal, you are not required to register again.

Procedures for e-Subscription

- Sign in to www.binamanagement.com.my.
- Login with your user ID and password for e-Subscription before the Closing Date.
- Click the "MY RIGHTS ISSUE".
- Select SUNMOW HOLDING BERHAD from the drop selection and click the relevant corporate exercise event name SUNMOW RIGHTS ISSUE.
- Key in the CDS Account that you wish to submit and input the number of Rights RPS to subscribe.
- Ensure all information in the form is accurate before submitting the form.
- Make the payment via online banking to the respective bank accounts (i.e., SUNMOW HOLDING BERHAD for the Rights RPS with Warrants and additional fee of RM15.00 (being the stamp duty and handling fee)).
- Must put a remark on the payment details with the last 9 digits of the CDS account and shareholder name.
- Upload the proof of payment(s) for the subscription and click the confirm button to submit the e-RSF.

If you encounter any problems during the registration or submission, please email the Share Registrar at binawin@binamg168.com or call at 03-7784 3922 during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for assistance.

Terms and conditions of e-Subscription

By submitting your acceptance of the Rights RPS with Warrants by way of e-Subscription:-

- (a) you confirmed that you have attained 18 years of age as at the last day for subscription and payment;
- (b) you confirmed that you have, prior to making the e-Subscription, received a printed copy of this Information Memorandum and/or have had access to this Information Memorandum from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood;
- (c) you agree to all the terms and conditions for the e-Subscription and have carefully considered the risk factors as set out in this Information Memorandum, in addition to all other information contained in this Information Memorandum, before making the e-Subscription application;
- (d) you agree and undertake to subscribe for and to accept the number of Rights RPS with Warrants as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights RPS with Warrants that may be allotted to you;
- (e) you acknowledge that your submission by way of e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of the Company or the Share Registrar and irrevocably agree that if:-

- the Company or the Share Registrar does not receive your submission of the e-Subscription; or
- the data on the e-Subscription is wholly or partially lost, corrupted or inaccessible, or not transmitted or not communicated to the Share Registrar,

your submission of the e-Subscription will be deemed as failed and not to have been made. The Company and the Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your e-Subscription due to the above reasons and you further agree that you may not make any claims whatsoever against the Company or the Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your e-Subscription;

- (f) you will ensure that all information provided by you in the e-Subscription is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of e-Subscription may be rejected at the absolute discretion of the Board without assigning any reason. Therefore:-
 - you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository; and
 - by making and completing an e-Subscription, you agree that:-
 - in consideration of the Company agreeing to allow and accept your e-Subscription for the Rights RPS with Warrants, your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
 - the Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond the Company's control;
- (g) you agree that your application shall not be deemed to have been accepted by reason of the remittance have been made. You agree that all the Rights RPS and Warrants to be issued pursuant to the Rights Issue of RPS with Warrants will be allotted by way of crediting the Rights Shares and Warrants into your CDS account. No physical share or warrant certificates will be issued;

- (h) you agree that the Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions; and
- (i) if your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date.

9.5. Procedures for part acceptance

You are entitled to accept part of your Rights RPS with Warrants provided always that the minimum number of Rights RPS that can be subscribed for or accepted is 1 Rights RPS for every 15 Sunmow Shares held on the Entitlement Date. Fractional entitlements, if any, shall be disregarded and dealt with in a fair and equitable manner as the Board deems fit and expedient and in the best interests of Sunmow.

You must complete both Parts I and II of the RSF or e-RSF by specifying the number of Rights RPS with Warrants which you are accepting and deliver the completed and signed RSF or submit the e-RSF together with the relevant payment to our Share Registrar in the manner set out in Section 9.4 of this Information Memorandum.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

9.6. Form of issuance

Bursa Securities has prescribed Sunmow Shares which are listed on the LEAP Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights RPS with Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of any dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates will be issued to you under the Rights Issue of RPS with Warrants. Instead, the Rights RPS with Warrants will be credited directly into your CDS Accounts.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

9.7. Laws of foreign jurisdictions

This Information Memorandum and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of RPS with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders may only accept all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of RPS with Warrants to the extent that it would be lawful to do so.

SCA, Sunmow, the Board and officers and other experts would not, in connection with the Rights Issue of RPS with Warrants, be responsible or liable for breach of the laws of any jurisdiction to which that foreign Entitled Shareholders are or may be subject to. Foreign Entitled Shareholders shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. SCA, Sunmow, the Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance made by any foreign Entitled Shareholders, is or shall be become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Information Memorandum together with the accompanying documents will not be sent to the foreign Entitled Shareholders who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders may collect the Information Memorandum including the accompanying documents from the Share Registrar, in which event the Share Registrar shall be entitled to request for such evidence as it

deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against SCA or Sunmow in respect of their rights and entitlements under the Rights Issue of RPS with Warrants. Such foreign Entitled Shareholders should 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 accept the Rights Issue of RPS with Warrants.

By signing any of the forms accompanying this Information Memorandum and the RSF, the foreign Entitled Shareholders are deemed to have presented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) SCA, Sunmow and the Board and officers and other experts that:-

- (i) we would not, by acting on the acceptance in connection with the Rights Issue of RPS with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders are or may be subject to;
- (ii) the foreign Entitled Shareholders have complied with the laws to which they are or may be subject to in connection with the acceptance;
- (iii) the foreign Entitled Shareholders are not nominees or agents of a person in respect of whom we would, by acting on the acceptance, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders are aware that the Rights RPS with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this Information Memorandum and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of the Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights RPS with Warrants; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights RPS with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights RPS with Warrants.

Persons receiving this Information Memorandum and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Information Memorandum and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Information Memorandum and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights RPS with Warrants from any such application by foreign Entitled Shareholders in any jurisdiction other than Malaysia.

The Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights RPS with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

10. TERMS AND CONDITIONS

The issuance of the Rights RPS with Warrants pursuant to the Rights Issue of RPS with Warrants is governed by the terms and conditions as set out in the Documents and the Deed Poll.

11. FURTHER INFORMATION

You are advised to refer to the ensuing appendices for further information.

Yours faithfully,
For and on behalf of the Board
SUNMOW HOLDING BERHAD

KONG CHIONG MIEW
Executive Chairman

INFORMATION ON THE COMPANY**1. BOARD OF DIRECTORS**

The details of the Board as at the LPD are as follows:-

Name/ (Designation)	Address	Age	Nationality
Kong Chiong Miew (Executive Chairman)	No 129, My Residence Jalan Sibiyu 97000 Bintulu, Sarawak	58	Malaysian
Kong Chiong Ung (Group Managing Director)	No 210, Taman Tinggi II Jalan Rafflesia 1 97000 Bintulu, Sarawak	50	Malaysian
Lee Yew Chen (Executive Director)	69, Jalan SS 1/38 47300 Petaling Jaya, Selangor	59	Malaysian
Kio Fook Khan (Non-Independent Non-Executive Director)	4835 Jalan 5/1A Kemensah Heights 68000 Ampang, Selangor	51	Malaysian

2. SHARE CAPITAL

As at the LPD, the issued share capital of the Company is RM38,250,000 comprising 233,940,000 Shares in issue and the Company does not have any outstanding convertible securities and treasury shares.

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INFORMATION ON THE COMPANY (CONT'D)

3. DIRECTORS' SHAREHOLDINGS

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

The issuance of the RPS will not have any effect on the shareholding of the Directors. The issuance of the Warrants will also not have any effect on the shareholdings of the Directors until and unless the Warrants issued pursuant to the Rights Issue of RPS with Warrants are exercised into new Sunmow Shares, as illustrated below:-

Maximum Scenario

Directors	As at the LPD				(I) After Rights Issue of RPS with Warrants and Placement of RPS				(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Kong Chiong Miew	102,515,400	43.82	⁽¹⁾ 300,000	0.13	102,515,400	43.82	⁽¹⁾ 300,000	0.13	109,349,760	43.82	⁽¹⁾ 320,000	0.13
Kong Chiong Ung	67,369,300	28.80	⁽²⁾ 60,000	0.03	67,369,300	28.80	⁽²⁾ 60,000	0.03	71,860,586	28.80	⁽²⁾ 64,000	0.03
Lee Yew Chen	7,422,000	3.17	⁽³⁾ 18,994,000	8.12	7,422,000	3.17	⁽³⁾ 18,994,000	8.12	7,916,800	3.17	⁽³⁾ 20,260,266	8.12
	177,306,700	75.79	19,354,000	8.28	177,306,700	75.79	19,354,000	8.28	189,127,146	75.79	20,644,266	8.28

Minimum Scenario

Directors	As at the LPD				(I) After Rights Issue of RPS with Warrants				(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Kong Chiong Miew	102,515,400	43.82	⁽¹⁾ 300,000	0.13	102,515,400	43.82	⁽¹⁾ 300,000	0.13	109,349,760	44.27	⁽¹⁾ 300,000	0.12
Kong Chiong Ung	67,369,300	28.80	⁽²⁾ 60,000	0.03	67,369,300	28.80	⁽²⁾ 60,000	0.03	71,860,586	29.09	⁽²⁾ 60,000	0.02
Lee Yew Chen	7,422,000	3.17	⁽³⁾ 18,994,000	8.12	7,422,000	3.17	⁽³⁾ 18,994,000	8.12	7,916,800	3.20	⁽³⁾ 20,260,266	8.20
	177,306,700	75.79	19,354,000	8.28	177,306,700	75.79	19,354,000	8.28	189,127,146	76.56	20,620,266	8.34

Notes:-

- (1) Deemed interest by virtue of his spouse's and children's shareholdings pursuant to Section 59(1)(c) of the Act.
- (2) Deemed interest by virtue of his spouse's shareholdings pursuant to Section 59(1)(c) of the Act.
- (3) Deemed interest by virtue of his interests in Bene Sky Sdn Bhd pursuant to Section 8 of the Act.

INFORMATION ON THE COMPANY (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 7.3 of this Information Memorandum for the pro forma effects of the Rights Issue of RPS with Warrants on the substantial shareholders' shareholdings in the Company.

5. HISTORICAL FINANCIAL INFORMATION

The following tables set out the Group's key financial information based on the consolidated financial statement for the financial years under review:-

5.1. Historical financial performance

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM	RM	RM	RM
Revenue	62,612,557	65,008,628	87,912,132	115,160,158
Cost of sales	(54,998,061)	(54,902,390)	(72,960,278)	(96,456,385)
GP	7,614,496	10,106,238	14,951,854	18,703,773
Other income	3,295,212	1,809,901	930,515	2,204,673
Administrative expenses	(6,632,541)	(8,095,857)	(7,140,555)	(8,540,722)
Finance costs	(488,389)	(659,291)	(543,368)	(371,312)
Net impairment losses on financial assets and contract assets	3,010	(187,086)	(26,157)	(547,511)
PBT	3,791,788	2,973,905	8,172,289	11,448,901
Income tax expenses	(1,229,247)	(1,506,032)	(2,482,774)	(2,915,353)
PAT	2,562,541	1,467,873	5,689,515	8,533,548
No. of Shares in issue	9,940,000	233,940,000	233,940,000	233,940,000
Basic EPS (sen)	25.78	0.63	2.43	3.65
GP margin (%)	12.16	15.55	17.01	16.24
PBT margin (%)	6.06	4.57	9.30	9.94
PAT margin (%)	4.09	2.26	6.47	7.41

5.2. Historical financial position

	Audited			
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023
	RM	RM	RM	RM
Total non-current assets	33,429,633	29,605,645	31,091,396	33,607,093
Total current assets	56,855,292	73,963,488	74,735,927	113,704,347
Total assets	90,284,925	103,569,133	105,827,323	147,311,440
Share capital	1,250,000	38,250,000	38,250,000	38,250,000
Share application reserve	25,000,000	-	-	-
Merger deficit	(24,539,800)	(24,539,800)	(24,539,800)	(24,539,800)
Equity reserves	999,500	2,000,000	2,000,000	2,000,000
Retained earnings	25,559,993	27,027,866	29,208,281	33,881,819
Total equity	28,269,693	42,738,066	44,918,481	49,592,019
Total non-current liabilities	8,604,782	7,067,167	4,881,524	4,258,042
Total current liabilities	53,410,450	53,763,900	56,027,318	93,461,379
Total liabilities	62,015,232	60,831,067	60,908,842	97,719,421
Total equity and liabilities	90,284,925	103,569,133	105,827,323	147,311,440
NA per Share (RM)	2.84	0.18	0.19	0.21

INFORMATION ON THE COMPANY (CONT'D)**5.3. Historical cash flows**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM	RM	RM	RM
Net cash (used in)/generated from operating activities	1,157,498	(12,105,970)	20,499,988	19,306,951
Net cash generated from/(used in) investing activities	(732,246)	4,201,035	(4,894,328)	(2,965,527)
Net cash generated from/(used in) financing activities	839,172	13,074,634	(7,866,613)	(7,622,358)
Net increase in cash and cash equivalents	1,264,424	5,169,699	7,739,047	8,719,066
Cash and cash equivalents at beginning of financial year	(1,971,100)	(706,676)	4,463,023	12,202,070
Cash and cash equivalents at the end of financial year	(706,676)	4,463,023	12,202,070	20,921,136

Overview of the financial performance**(i) FYE 2023 vs FYE 2022**

The Group recorded a revenue of RM115.16 million in FYE 2023, representing an improvement of RM27.25 million or 31.00%, from RM87.91 million in FYE 2022. The increase in revenue was mainly contributed by the sales of My Residence 2 which was launched in 2022, and two (2) new property projects, namely 7 Plus Garden & Meadow Residence which were launched during FYE 2023, which increased by RM28.08 million or 203.18%.

The Group recorded PBT and PAT of RM11.45 million and RM8.53 million in FYE 2023, representing increase of RM3.28 million or 40.15% and RM2.84 million or 49.91% respectively as compared to FYE 2022. The increase in PBT and PAT was mainly attributable to the improvement in the Group's GP by RM3.75 million, which is in line with the increase in revenue arising from the sales of My Residence 2 and the two (2) new property projects launched during FYE 2023 as well as higher other income of RM2.20 million in FYE 2023 mainly from disposal of property, plant and equipment and investment properties.

The Group's cash and cash equivalents were RM20.92 million as at 31 December 2023, representing an increase of RM8.72 million or 71.48% as compared to cash and cash equivalents of RM12.20 million as at 31 December 2022. The increase in cash and cash equivalents was mainly contributed to lower spending on purchase of investment properties and higher proceeds received from disposal of property, plant and equipment during FYE 2023.

(ii) FYE 2022 vs FYE 2021

The Group registered an increase of RM22.90 million or 35.23% in the revenue, from RM65.01 million in FYE 2021 to RM87.91 million in FYE 2022. The increase in revenue was mainly contributed by the property development segment, of which contributed RM13.82 million in FYE 2022 (FYE 2021: RM nil). The increase in revenue from the property development segment was mainly attributed to the launch of property development project of Sunmow Group, which is My Residence 2.

The Group recorded PBT and PAT of RM8.17 million and RM5.69 million in FYE 2022, representing increase of RM5.20 million or 175.08% and RM4.22 million or 287.07% respectively as compared to FYE 2021. The increase was mainly contributed by the improvement in margin as a result of lower finance costs incurred and lower impairment losses on financial assets and contract assets in FYE 2022. The Group's PBT margin and PAT margin stood at 9.30% and 6.47% in FYE 2022, which increased by 4.73% and 4.21%, from 4.57% and 2.26% in FYE 2021 respectively.

The Group's cash and cash equivalents were RM12.20 million as at 31 December 2022, representing an increase of RM7.74 million or 173.54% as compared to cash and cash equivalents of RM4.46 million as at 31 December 2021. The increase in cash and cash equivalents was mainly due to the increase in the cash receipts from its operating activities.

INFORMATION ON THE COMPANY (CONT'D)**(iii) FYE 2021 vs FYE 2020**

The Group recorded an increase of RM2.40 million or 3.83% in the revenue, from RM62.61 million in FYE 2020 to RM65.01 million in FYE 2021. The increase in revenue was mainly attributed to higher revenue from construction segment as the Group recorded a higher percentage of completion in FYE 2021 as compared to FYE 2020 due to disruption of construction activities in FYE 2020 resulted from the policies and procedures enforced by the Government during the COVID-19 pandemic.

The Group's PBT decreased RM0.82 million or 21.64% from RM3.79 million in FYE 2020 to RM2.97 million in FYE 2021. The decrease in PBT was mainly due to lower hiring income for rental of machinery by RM2.09 million as well as higher administrative expenses by RM1.46 million during FYE 2021 as a result of additional expenses incurred in relation to the listing of Sunmow on the LEAP Market of Bursa Securities and increase in the headcount of management team. The Group registered PAT of RM1.47 million in FYE 2021, representing a decrease of RM1.09 million or 42.58% from RM2.56 million in FYE 2020.

The Group's cash and cash equivalents were RM4.46 million as at 31 December 2021, representing an increase of RM5.17 million or 728.17% as compared to negative cash and cash equivalents of RM0.71 million as at 31 December 2020. The improvement in cash and cash equivalents was mainly attributed to proceeds from issuance of ordinary shares when the Group was listed on the LEAP Market of Bursa Securities on 25 November 2021.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Sunmow Shares as traded on Bursa Securities for the past 12 months preceding the date of this Information Memorandum are as follows:-

	Highest	Lowest
	RM	RM
2023		
September	1.500	1.100
October	1.350	1.100
November	1.350	1.080
December	1.080	1.080
2024		
January	1.080	1.060
February	1.060	1.060
March	1.060	1.060
April	1.060	1.060
May	1.060	1.060
June	1.060	1.060
July	1.060	0.995
August	1.010	0.995
Last transacted market price as at the LTD		1.060
Last transacted market price as at the LPD		0.995
Last transacted market price as at 3 September 2024 (being the Market Day prior to the ex-date for the Rights Issue of RPS with Warrants)		1.010

(Source: Bloomberg)

7. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for the Warrants to be issued pursuant to the Rights Issue of RPS with Warrants, no option to subscribe for Sunmow Shares has been granted or is entitled to be granted to any person.

INFORMATION ON THE COMPANY (CONT'D)**8. MATERIAL CONTRACTS**

Save for the Deed Poll and the JVA, the Group has not entered into any other material contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Group) during the 2 years immediately preceding the date of this Information Memorandum.

9. MATERIAL LITIGATION

Save as disclosed below, Sunmow Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business and financial position of Sunmow Group and the Board is not aware of any legal proceedings, pending or threatened against Sunmow Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of Sunmow Group as at the LPD:-

Sunmow Construction Sdn Bhd (a wholly-owned subsidiary of Sunmow) (“Plaintiff”) against Kong Choon Wei and Ting Yu Kwong (collectively referred to as the “Defendants”)

The Plaintiff as the contractor had entered into a contract on 1 February 2020 (“**Contract**”), for the project known as “Proposed 3-storey showroom cum 2-storey office on Lot 6588, 6589 & 6590 (Parent Lot 1747), Block 32 Kemena Land District, Bintulu Sarawak (Block A)” (“**Project**”) with the Defendants for the total contract sum of RM4,794,930.65.

The Plaintiff had commenced work for the Project and the Plaintiff had during the construction period issued various progressive claims and variation orders to the Defendants for the work done in the sum of RM3,485,852.35 of which Defendants had paid RM2,750,000.00 to the Plaintiff, leaving the balance of RM939,613.16 remain unpaid by the Defendants (“**Outstanding Balance**”). Despite several reminders made by the Plaintiff to the Defendants, the Plaintiff failed to receive any payments and/or decisions and/or proposals from the Defendants to settle the Outstanding Balance. On 6 October 2023, the Plaintiff had suspended the work under the Project due to the refusal from the Defendants to settle the Outstanding Balance when it was due in accordance with the terms and conditions of the Contract.

On 19 January 2024, the Plaintiff:-

- (i) instructed its solicitors to issue a notice of termination to the Defendants terminating the Contract as the Defendants refused and failed to settle the Outstanding Balance, which constitutes a fundamental breach of the Contract; and
- (ii) claimed for the Outstanding Balance against the Defendants.

The Plaintiff had on 3 April 2024, filed Writ of Summons and Statement of Claim at the Sessions Court at Bintulu, Sarawak against the Defendants. The Defendants had entered a memorandum of appearance on 16 April 2024.

Pursuant to the Statement of Claim filed, the Plaintiff is claiming the following from the Defendants, jointly and severally:-

- (a) the Outstanding Balance;
- (b) interest of 5% on the Outstanding Balance from 7 October 2023 until full and final settlement;
- (c) costs:-
 - (i) costs on a solicitor-client’s basis of RM49,688.39;
 - (ii) legal action fee of RM40,000.00; and
 - (iii) court fee of RM436.00; and
- (d) such further or other relief as the Sessions Court at Bintulu deems fit.

The matter is fixed for case management on 9 September 2024.

INFORMATION ON THE COMPANY (CONT'D)

Based on the facts of the case and the relevant documents submitted to the Court, the Board is optimistic on the outcome of the lawsuit.

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ADDITIONAL INFORMATION

1. CONSENTS

The Approved Adviser, Due Diligence Solicitors, Company Secretary and Share Registrar have each given and have not subsequently withdrawn their consents to the inclusion in this Information Memorandum of their names and all references thereto in the form and context in which they are included in this Information Memorandum.

2. RESPONSIBILITY STATEMENT

This Information Memorandum together with its accompanying documents have been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

SCA, being the Approved Adviser for the Rights Issue of RPS with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Rights Issue of RPS with Warrants.

3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Sunmow's registered office at No. 5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of at least 6 months from the date of this Information Memorandum:-

- (i) the Constitution of Sunmow;
- (ii) the audited financial statements of Sunmow for the past two (2) FYEs 2023 and 2022;
- (iii) the unaudited financial statements of Sunmow for the FPE 30 June 2024;
- (iv) the letters of consent as referred to in Section 1 of this Appendix; and
- (v) the relevant cause papers in respect of the material litigation disclosed in Section 9 of Appendix I;
- (vi) the executed Deed Poll; and
- (vii) the Undertaking as referred to in Section 2.4 of this Information Memorandum.

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